

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. FL-03815-A
JAY PEAK, INC.)

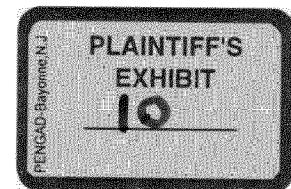
WITNESS: Ariel Quiros

PAGES: 1 through 246

PLACE: Securities and Exchange Commission
801 Brickell Avenue, Suite 1800
Miami, Florida 33131

DATE: Thursday, May 22, 2014

The above-entitled matter came on for hearing,
pursuant to notice, at 10:28 a.m.



Diversified Reporting Services, Inc.

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<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES:</p> <p>2</p> <p>3</p> <p>4 On behalf of the Securities and Exchange Commission:</p> <p>5 BRIAN JAMES, ESQ.</p> <p>6 TRISHA FUCHS-SINDLER, ESQ.</p> <p>7 CHRISTOPHER MARTIN, ESQ. (Via Telephone)</p> <p>8 MICHELLE LAMA, ACCOUNTANT</p> <p>9 Division of Enforcement</p> <p>10 Securities and Exchange Commission</p> <p>11 801 Brickell Avenue, Suite 1800</p> <p>12 Miami, Florida 33131</p> <p>13 (305) 982-6300</p> <p>14</p> <p>15</p> <p>16 On behalf of the Witness:</p> <p>17 DAVID B. GORDON, ESQ.</p> <p>18 Richardson Patel, LLP</p> <p>19 405 Lexington Avenue, 49th Floor</p> <p>20 New York, New York 10174</p> <p>21 (646) 755-7315</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 CONTENTS (CONT.)</p> <p>2</p> <p>3 EXHIBITS: DESCRIPTION IDENTIFIED</p> <p>4 125 Account Statement 223</p> <p>5 126 Incoming Wire Spreadsheet 225</p> <p>6 127 Account Statement 227</p> <p>7 128 Transfer Authorization 232</p> <p>8 129 Account Statements 232</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 3</p> <p>1 CONTENTS</p> <p>2</p> <p>3 WITNESS: EXAMINATION</p> <p>4 Ariel Quiros 11</p> <p>5</p> <p>6 EXHIBITS: DESCRIPTION IDENTIFIED</p> <p>7 106 Email, dated 6/18/08 77</p> <p>8 107 1336 - 1339 95</p> <p>9 108 Subpoena 11</p> <p>10 109 Background Questionnaire 17</p> <p>11 110 Wire Transfer Report 98</p> <p>12 111 Email, dated 6/16/08 99</p> <p>13 112 Email, dated 6/17/08 101</p> <p>14 113 Email, dated 6/18/08 103</p> <p>15 114 Account Statement 105</p> <p>16 115 Closing Statement 107</p> <p>17 116 New Account Form 110</p> <p>18 117 Account Statement 112</p> <p>19 118 New Account Form 114</p> <p>20 119 New Account Form 115</p> <p>21 120 Q Resorts Binder 116</p> <p>22 121 Invoice Payments 219</p> <p>23 122 Invoice Payments 219</p> <p>24 123 Invoice Payments 219</p> <p>25 124 Wire Transfer Authorization 222</p>	<p style="text-align: right;">Page 5</p> <p>1 PROCEEDINGS</p> <p>2 MR. JAMES: We're on the record at</p> <p>3 10:28 a.m. on May 22nd, 2014.</p> <p>4 We're here today to take the testimony</p> <p>5 of Ariel Quiros at the SEC Offices in Miami,</p> <p>6 Florida.</p> <p>7 Mr. Quiros, please raise your right</p> <p>8 hand.</p> <p>9 Do you swear to tell the truth, the</p> <p>10 whole truth, and nothing but the truth?</p> <p>11 THE WITNESS: Yes.</p> <p>12 Whereupon,</p> <p>13 ARIEL QUIROS</p> <p>14 was called as a witness and, having been first</p> <p>15 duly sworn, was examined and testified as follows:</p> <p>16 MR. JAMES: Please state and spell your</p> <p>17 full name for the record, please.</p> <p>18 THE WITNESS: Ariel, A-R-I-E-L, last</p> <p>19 name Quiros, Q-U-I-R-O-S.</p> <p>20 MR. JAMES: Okay. Do you have a middle</p> <p>21 name?</p> <p>22 THE WITNESS: Ivan, I-V-A-N.</p> <p>23 MR. JAMES: Okay.</p> <p>24 Have you ever been known by any other</p> <p>25 name?</p>

<p style="text-align: right;">Page 6</p> <p>1 THE WITNESS: No.</p> <p>2 MR. JAMES: Mr. Quiros, my name is Brian</p> <p>3 James. I'm a Senior Counsel with the Division of</p> <p>4 Enforcement of the United States Securities and</p> <p>5 Exchange Commission. With me is Trisha</p> <p>6 Sindler-Fuchs. She's all the way to my left.</p> <p>7 She's also Senior Counsel with our office. Next</p> <p>8 to my immediate left is Michelle Lama. She's an</p> <p>9 accountant with our office. And as I mentioned</p> <p>10 before we started, Christopher Martin, who's on</p> <p>11 the telephone, he's Senior Litigation Counsel also</p> <p>12 with our office. We are all Officers of the</p> <p>13 Commission for the purposes of today's proceeding.</p> <p>14 This is an investigation by the</p> <p>15 Commission in the matter of Jay Peak, Inc., file</p> <p>16 number FL-3815, to determine whether there have</p> <p>17 been violations of certain provisions of the</p> <p>18 federal securities laws; however, the facts</p> <p>19 developed in this investigation might constitute</p> <p>20 violations of other federal and state, civil or</p> <p>21 criminal laws.</p> <p>22 Let me briefly explain the procedure</p> <p>23 we'll follow today. We'll be asking you</p> <p>24 questions. At any time, if you want to take a</p> <p>25 short break, feel free to tell us, and we'll</p>	<p style="text-align: right;">Page 8</p> <p>1 memories are clear and certain and which are less</p> <p>2 clear and less certain.</p> <p>3 Do you understand this, Mr. Quiros?</p> <p>4 THE WITNESS: Yes.</p> <p>5 MR. JAMES: And do you agree to answer</p> <p>6 my questions with this understanding in mind?</p> <p>7 THE WITNESS: Yes.</p> <p>8 MR. JAMES: Okay.</p> <p>9 Therefore, if you answer, I don't recall</p> <p>10 or I don't remember or I forget, I will assume</p> <p>11 that you have no memory or recollection whatsoever</p> <p>12 that is responsive to the questions asked, not</p> <p>13 even fuzzy or less than crystal clear memories.</p> <p>14 Do you understand?</p> <p>15 THE WITNESS: Yes.</p> <p>16 MR. JAMES: It may be that reviewing a</p> <p>17 certain document refreshes your recollection as to</p> <p>18 the events you are questioned about. In such a</p> <p>19 case, I'm asking for your testimony in everything</p> <p>20 that's responsive to the question, not just clear</p> <p>21 and specific recollections.</p> <p>22 Do you recall understand that?</p> <p>23 THE WITNESS: Yes.</p> <p>24 MR. JAMES: To my right, the court</p> <p>25 reporter transcribes these proceeds and will</p>
<p style="text-align: right;">Page 7</p> <p>1 accommodate you. We only ask that if there's a</p> <p>2 question pending, that you first answer the</p> <p>3 question, and then at that point, we can take a</p> <p>4 break.</p> <p>5 Also, during the course of your</p> <p>6 testimony today, myself, Ms. Lama, and Ms. Fuchs,</p> <p>7 as well as Mr. Martin, we're going to asking you</p> <p>8 questions about things that happened or may have</p> <p>9 happened in the past. Obviously, time has gone by</p> <p>10 since those events, and you're likely to have a</p> <p>11 better or more complete memory of some events than</p> <p>12 others.</p> <p>13 In answering any questions about these</p> <p>14 events, however, you should tell me about all your</p> <p>15 memories or recollections that are responsive to</p> <p>16 the question, not just those that are specific or</p> <p>17 perfectly clear or those of which you are a</p> <p>18 hundred percent sure. I'm asking you also for</p> <p>19 vague memories, general memories, cloudy memories</p> <p>20 and/or memories of which you are less than one</p> <p>21 hundred percent certain.</p> <p>22 In other words, I'm asking you for any</p> <p>23 responsive recollection whatsoever you may have</p> <p>24 however incomplete or uncertain or vague or</p> <p>25 nonspecific it may be. We can then sort out which</p>	<p style="text-align: right;">Page 9</p> <p>1 create a transcript of your testimony at the end.</p> <p>2 Please make sure to answer verbally, because the</p> <p>3 court reporter cannot pick up any nodding,</p> <p>4 gestures, or whatsoever, so you need to verbalize</p> <p>5 your response.</p> <p>6 Also, to the extent I'm going to ask you</p> <p>7 a question, even if you anticipate what the answer</p> <p>8 will be, let me complete the question, and at that</p> <p>9 point, you can give your answer. That way the</p> <p>10 court reporter can clearly write down what I said,</p> <p>11 and then clearly write down your response to my</p> <p>12 question.</p> <p>13 THE WITNESS: Understood.</p> <p>14 MR. JAMES: Okay. Obviously, if we're</p> <p>15 talking over each, it's tough for her to write</p> <p>16 down my words and your words at the same time.</p> <p>17 Also, if we have a conversation about</p> <p>18 the case when we're off the record, and that,</p> <p>19 basically, means when we take a break, we'll</p> <p>20 summarize that conversation when we return on the</p> <p>21 record.</p> <p>22 Mr. Quiros, are you under any medication</p> <p>23 that would affect your memory today?</p> <p>24 THE WITNESS: No.</p> <p>25 MR. JAMES: Okay.</p>

1 Prior to the opening of the record, you
2 were provided with a copy of the Formal Order of
3 Investigation in this matter. As I mentioned to
4 you, at that point, it will be available for you
5 for your examination during the course of today's
6 proceedings.

7 Mr. Quiros, have you had an opportunity
8 to review the Formal Order?

9 THE WITNESS: Yes.

10 MR. JAMES: Do you have any questions in
11 regards to the Formal Order?

12 THE WITNESS: No.

13 MR. JAMES: Prior to opening the record,
14 you were also provided with a copy of the
15 Commission's Supplemental Information Form 1662. A
16 copy of that notice has been marked previously as
17 Exhibit No. 1.

18 Have you had an opportunity to read
19 Exhibit No. 1?

20 THE WITNESS: Yes.

21 MR. JAMES: And, again, do you have any
22 questions concerning that exhibit?

23 THE WITNESS: No.

24 MR. JAMES: Mr. Quiros, are you
25 represented by counsel today?

1 THE WITNESS: Yes.

2 MR. JAMES: Would Counsel identify
3 himself for the record by stating your name, the
4 name of your firm, business address and telephone
5 number.

6 MR. GORDON: Certainly. David Gordon,
7 Richardson and Patel, [REDACTED]
8 [REDACTED] [REDACTED] [REDACTED] [REDACTED]
9 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

10 MR. JAMES: Thank you, Mr. Gordon.
11 (SEC Exhibit No. 108 was
12 marked for identification.)

13 EXAMINATION

14 BY MR. JAMES:

15 Q Mr. Quiros, I'm going to hand you what
16 has been marked as Exhibit 108, 1-0-8. This is a
17 copy of a subpoena. It's dated March 19th, 2014.
18 It's directed to Mr. Ariel Quiros, care of David
19 Gordon.

20 Mr. Quiros, is this the subpoena to
21 which you're appearing for testimony today?

22 A Yes.

23 Q Okay.

24 The subpoena also calls for the
25 production of documents. Have you produced

1 documents called for by the subpoena?

2 A Yes.

3 Q Okay. Please describe the search that
4 was conducted for the requested documents and
5 state who conducted that search.

6 A The search was done by my managers, my
7 accountants, and my CPAs.

8 Q Okay. And when you said your managers,
9 your managers at what entity?

10 A At Jay Peak.

11 Q Okay.

12 And when you say your accountants, also
13 your accountants at Jay Peak?

14 A Yes, sir.

15 Q Okay.

16 That would include your CPAs?

17 A Yes, sir.

18 Q Okay.

19 Did anyone else assist you in your
20 search?

21 A David Gordon, my lawyer, as well.

22 Q Okay.

23 Anyone else?

24 A No, sir.

25 Q Okay.

1 Have you withheld any documents we
2 requested based on any claim of privilege?

3 A No, sir.

4 Q Okay.

5 Were any documents not produced for any
6 reason, other than privilege?

7 A No, sir.

8 Q Okay.

9 MR. GORDON: May I clarify something?

10 MR. JAMES: Please.

11 MR. GORDON: There are emails that Mr.
12 Quiros has had some significant technical issues
13 extracting, but we think we're almost solved on
14 that.

15 As you may recall, when we started out,
16 you had limited the search for emails to 2011 and
17 2012, but then you clarified, subsequently, that
18 you wish to look at other years. Extracting them
19 was a bit of an issue, but I think we're about
20 there.

21 MR. JAMES: Okay.

22 MR. GORDON: So I just didn't want you
23 to think that there were no other documents. There
24 are going to I believe be documents coming.

25 MR. JAMES: Okay. I appreciate it. And

<p style="text-align: right;">Page 14</p> <p>1 let the record reflect that you've been pretty 2 responsive to our many follow-up requests for 3 those types of documents. 4 Any other documents not produced or -- 5 MR. GORDON: No. And I think that the 6 vast majority of what he would've had would've 7 come through -- you have issued subpoenas to GSI, 8 to Q Resorts, to Jay Peak. And so when those 9 subpoenas were issued, we took them to cover 10 whatever Mr. Quiros had because of his roles 11 within those companies. 12 So I think if -- in order to see the 13 full scope of what he has, you'd have to look at 14 what's been produced by the various company with 15 which he's affiliated as well. 16 MR. JAMES: Okay. Understood. 17 BY MR. JAMES: 18 Q Mr. Quiros, do you know of any documents 19 not provided that were in your possession at a 20 prior time or that were lost, destroyed, or 21 otherwise disposed of? 22 A No. 23 Q Okay. 24 Do you have a personal computer? 25 A No.</p>	<p style="text-align: right;">Page 16</p> <p>1 A Yes, sir. Yes, sir. 2 Q Okay. 3 A My CPAs have all this data, and they 4 gave this data to him, all. 5 MS. LAMA: And for Q Resorts, who was 6 involved in gathering those documents? 7 THE WITNESS: My managers and my 8 accountants. 9 MS. LAMA: Can you be more specific? 10 THE WITNESS: Bill Stenger, George, 11 William Kelly. The new accountants, Morris and 12 Ken, they also provided all of this data. 13 MS. LAMA: And I'm sorry, the last name 14 was Ken? 15 THE WITNESS: Ken. That's our personal 16 accountant. 17 BY MR. JAMES: 18 Q What's his last name, Ken? 19 A I don't know his exact. 20 Q But his first name is Ken, K-E-N? 21 A Yes. Yes. 22 MS. FUCHS-SINDLER: When you say our 23 personal accountant, who are you referring to when 24 you say your accountant? 25 THE WITNESS: My personal accountant.</p>
<p style="text-align: right;">Page 15</p> <p>1 Q Do you have any other computers in your 2 home? 3 A I travel with a computer, but it's a 4 company computer. 5 Q Did you search that company travel 6 computer for responsive documents? 7 A Yes, sir. Yes, sir. 8 Q Okay. 9 Okay. Do you have any other computers 10 to which you have access to whether they are 11 actually your computer or someone else's computer? 12 A No, sir. 13 Q Okay. Just one follow-up as far as the 14 production. When I had asked you about the -- 15 describe to me the process that you undertook to 16 provide responsive documents, you mentioned your 17 managers, your CPA, your accountants. And I asked 18 you for what entity, and you mentioned Jay Peak, 19 Inc. 20 What about any of the other entities 21 that Mr. Gordon mentioned, GSI, he mentioned Q 22 Resorts? 23 A That was all part of me gathering all of 24 the data and giving it to you. 25 Q Okay. So it includes those entities?</p>	<p style="text-align: right;">Page 17</p> <p>1 MS. FUCHS-SINDLER: Your personal 2 accountant. Okay. 3 THE WITNESS: Yeah. 4 MS. FUCHS-SINDLER: And when you said 5 George, are you referring to George Gulisano? 6 THE WITNESS: Yes. 7 MS. FUCHS-SINDLER: Okay. 8 (SEC Exhibit No. 109 was 9 marked for identification.) 10 BY MR. JAMES: 11 Q Mr. Quiros, I want to hand you what has 12 been marked as Exhibit No. 109, and that is the 13 background questionnaire for us. Let me thank you 14 for providing that. 15 Let me ask you to take a look at it and 16 just confirm for me that is the background 17 questionnaire, which you submitted in connection 18 with today's testimony. 19 A Yes. 20 Q Okay. So that is -- 21 A I'd like to add something. I'd just 22 like you people to know that this is the first 23 time in my life I've ever done this, so it's an 24 experience and a half. I'm going to try to do my 25 best, but I want to show full transparency. I</p>

<p style="text-align: right;">Page 18</p> <p>1 want to show that there's nothing that I have 2 hidden, make that very clear, and that everything 3 that I have has been exposed. And I've done my 4 very big efforts to do it. And I take full 5 responsibility if there's any documents that are 6 missing, but I know what I have and every piece of 7 document was submitted.</p> <p>8 Q Do you have anything in mind -- and I 9 appreciate that, and, obviously, that's --</p> <p>10 A No. I'm fifty-eight years old and this 11 is a new experience.</p> <p>12 Q Okay.</p> <p>13 A And I'm trying to do the very best. And 14 I want to be as transparent as possible. I truly, 15 truly want to be as transparent. So I just need 16 you to know that going in.</p> <p>17 Q Okay. And that's all we ask. So I 18 think so far, so good. Okay. And I guess going 19 forward, to the extent you have any questions or 20 need me to repeat anything --</p> <p>21 A No.</p> <p>22 Q -- just, again, let me know. And 23 likewise, we'll do the same.</p> <p>24 Anything else you want to add before we 25 continue?</p>	<p style="text-align: right;">Page 20</p> <p>1 acquire interest through the public arena, as 2 opposed to your own privately-held company, which 3 is personally owned by you or your family members. 4 That's private. It not reporting to any --</p> <p>5 A I have many little small companies that 6 I was President, owner of --</p> <p>7 Q Okay.</p> <p>8 A Little companies --</p> <p>9 Q Okay.</p> <p>10 A But I never -- okay. No.</p> <p>11 Q Okay. Let's do it this way. As you sit 12 here today, are you an officer or director of any 13 privately-held companies, other than the ones, Jay 14 Peak, Q Resorts, and GSI of Dade County, any other 15 companies to which are --</p> <p>16 A Yes.</p> <p>17 Q What companies are those?</p> <p>18 A I have Q Development.</p> <p>19 Q Okay.</p> <p>20 A That's one.</p> <p>21 Q Farm.</p> <p>22 Q And that's F-A-R-M or P-H-A-R-M?</p> <p>23 A F-A-R-M.</p> <p>24 Q Okay.</p> <p>25 A Q Vision.</p>
<p style="text-align: right;">Page 19</p> <p>1 A No. It's fine. I did this.</p> <p>2 Q Okay. So did anyone assist you in 3 preparing Exhibit No. 109, your background 4 questionnaire?</p> <p>5 A No. No.</p> <p>6 Q Okay. Is every answer provided by you 7 in this document correct to your best of your 8 knowledge?</p> <p>9 A Yes.</p> <p>10 Q Do you know whether or not there are any 11 questions you did not answer and, if so, why?</p> <p>12 A No.</p> <p>13 Q Okay. Let me ask you to turn to 14 question nineteen. And that should be the last 15 page of Exhibit 109. And as you can see, if you 16 read along with me, question nineteen asks, are 17 you now or have you been an officer or director of 18 any publicly-held company, and you answered no. 19 But I wanted to ask you the same question as to 20 any privately-held company. Are you now or have 21 you ever been an officer or director of any 22 privately-held company?</p> <p>23 A When you say privately-held?</p> <p>24 Q As opposed to public. A company that's 25 not owned by individuals that could, basically,</p>	<p style="text-align: right;">Page 21</p> <p>1 I think like that. I think -- when I 2 buy property sometimes, I put -- I just make a 3 company, and I put it underneath that Q 4 Development. Q Farm is my farms.</p> <p>5 Q When you say farm?</p> <p>6 A Farm in Vermont.</p> <p>7 Q Okay.</p> <p>8 So Q Farm is the holding company or 9 that's actually the --</p> <p>10 A I think the -- I think it has been 11 changed to my wife's name and my name. I'm not 12 sure, but I think it's Q Farm.</p> <p>13 Q Okay.</p> <p>14 MR. GORDON: Can I try and jog his 15 memory about something?</p> <p>16 MR. JAMES: Why, what is that?</p> <p>17 MR. GORDON: Maybe -- I'm not sure that 18 he might be forgetting some stuff.</p> <p>19 MR. JAMES: Okay.</p> <p>20 MR. GORDON: Are there any Korean 21 entities in which you've been an officer or 22 director?</p> <p>23 THE WITNESS: Way back fifteen years 24 ago.</p> <p>25 BY MR. JAMES:</p>

<p style="text-align: right;">Page 22</p> <p>1 Q Okay. What entity is that?</p> <p>2 A That was -- I think that was Bioheart.</p> <p>3 Q Okay. And what's your position at</p> <p>4 Bioheart?</p> <p>5 A An American liaison.</p> <p>6 Q Okay.</p> <p>7 And are you currently --</p> <p>8 A No.</p> <p>9 Q -- associated with Bioheart?</p> <p>10 A No.</p> <p>11 Q When did you cease?</p> <p>12 A Oh, ten years ago.</p> <p>13 Q And what is Bioheart? What does that</p> <p>14 company do?</p> <p>15 A A myo stem cell research.</p> <p>16 Q Who are the other officers or owners of</p> <p>17 Bioheart?</p> <p>18 A Jong Weon Choi, and the others, I don't</p> <p>19 know. In Korea, you have to have seven directors.</p> <p>20 I don't know the other seven. I only know Jong</p> <p>21 Weon Choi.</p> <p>22 That's not correct, because as an</p> <p>23 American, I was not a director.</p> <p>24 Q You were not?</p> <p>25 A Yeah.</p>	<p style="text-align: right;">Page 24</p> <p>1 to understand each other and to make the deal</p> <p>2 happen. I was -- I'm not deeply involved in</p> <p>3 understanding the science or that type of thing.</p> <p>4 Q Okay.</p> <p>5 A And that was my involvement. That's how</p> <p>6 I got involved.</p> <p>7 Q Okay. So as far as the relationship to</p> <p>8 AnC Bio, you're saying that Bioheart was kind</p> <p>9 of --</p> <p>10 A The idea was, they were going to</p> <p>11 manufacture the cells in Korea, because it's</p> <p>12 cheaper to do the clinical test trials in Korea</p> <p>13 than it is in the United States.</p> <p>14 Q Okay.</p> <p>15 A So it was beneficial for Bioheart to do</p> <p>16 that. So we made that venture, and that's where</p> <p>17 the story began with us associating ourselves with</p> <p>18 them.</p> <p>19 Q Okay.</p> <p>20 A Soon, thereafter, we even bought shares</p> <p>21 in that company, all of us bought shares because</p> <p>22 we thought they were going to go public, and they</p> <p>23 did go public. And their stocks went very quickly</p> <p>24 down.</p> <p>25 Q Okay.</p>
<p style="text-align: right;">Page 23</p> <p>1 Q Okay.</p> <p>2 A I was part of the company, because I was</p> <p>3 helping them and guiding them to the United</p> <p>4 States. So to say that I was a director, I would</p> <p>5 say no.</p> <p>6 Q Okay. I appreciate that.</p> <p>7 Does Bioheart have any relationship or</p> <p>8 dealings with AnC Bio or the Jay Peak</p> <p>9 Biomedical --</p> <p>10 A In its infant change it did.</p> <p>11 Q Tell me about that. What was the --</p> <p>12 A Bioheart is an American company under</p> <p>13 the name of Bioheart, USA, and it was developed</p> <p>14 being myo stem cell research. We wanted to get</p> <p>15 involved with that company, because AnC Bio was a</p> <p>16 company that was also doing myo stem cell</p> <p>17 research.</p> <p>18 Q Okay.</p> <p>19 A So we were trying to get deep into their</p> <p>20 company. So we tried to make ventures with them</p> <p>21 and make affiliations, and we did. Very complex.</p> <p>22 Q Okay.</p> <p>23 A So how it all happened fifteen years</p> <p>24 ago, I cannot tell you exactly.</p> <p>25 My job was strictly to formulate the men</p>	<p style="text-align: right;">Page 25</p> <p>1 A And then they left us hang -- holding</p> <p>2 the bag, but we continued.</p> <p>3 And the company in Korea was well</p> <p>4 supported by the Korean government to buy</p> <p>5 technologies around the world and to study</p> <p>6 technologies around the well.</p> <p>7 For example, our TPLS system, our</p> <p>8 dialysis machine, our E-Liver, things like that,</p> <p>9 and many more, many other patents that they tried</p> <p>10 to development. Korean government supports them,</p> <p>11 because whatever we can do to give manufacturing</p> <p>12 capabilities to Korea, the Korean government</p> <p>13 supports you very well.</p> <p>14 So it's not as a difficult task as it is</p> <p>15 in the United States where you have to find</p> <p>16 investors and things like this. It's not like</p> <p>17 that. Whatever you can do to create employment in</p> <p>18 South Korea, the government supports it.</p> <p>19 And at that time, Bio was on a trend. It</p> <p>20 was going. So the Korean government supported AnC</p> <p>21 Bio to acquire and they got special permission to</p> <p>22 invest in their company.</p> <p>23 And at one time for a very, very short</p> <p>24 time, we did invest, and they actually -- with the</p> <p>25 condition that they would make me a director of</p>

<p style="text-align: right;">Page 26</p> <p>1 that company, but it was short lived, because all 2 of the investment never happened. And when all of 3 the investment never happened, they quickly took 4 me off their Board.</p> <p>5 Q And when you said the investment, that 6 you had committed to?</p> <p>7 A Not --</p> <p>8 Q Oh, just as a whole?</p> <p>9 A None of this is from my side.</p> <p>10 Q Okay.</p> <p>11 A I'm just representing what the Koreans 12 want to do and what Bioheart is trying to do with 13 us.</p> <p>14 And Bioheart liked the idea, because it 15 would make Bioheart also look good to the public. 16 At that time, they were a public company.</p> <p>17 And that's how all of that began in our 18 relationship with the US company. But we 19 continued. We continued. And that's when we get 20 to the AnC part. I can tell you why that 21 happened.</p> <p>22 Q Okay.</p> <p>23 A But it all originated from -- it all 24 originated from that start right there of us 25 trying to get involved in the development of myo</p>	<p style="text-align: right;">Page 28</p> <p>1 Soon after -- and it has to do with this 2 as well. Soon after I graduated from Trinity 3 Pawling Prep School, which is the number one prep 4 school here in the United States for boys, I got a 5 soccer scholarship. And I entered the school.</p> <p>6 I grew up and was born in Harlem on 7 [REDACTED] on Broadway, and that's where I grew 8 up all my life. But I played good soccer, and 9 they give me a scholarship, and I went to Trinity 10 Pawling, which was three hours outside of New York 11 City.</p> <p>12 And I attended from 8th grade until my 13 senior year, which was a big deal for us. My 14 brother is -- my older brother is an economist at 15 NYU. He retired. My other brother is a Ph.D. in 16 psychology. And my other brother died in Vietnam. 17 I'm the last of four, just as it says here.</p> <p>18 And rather than to go into college, in 19 1975, I was accepted to the Citadel. I was 20 accepted to the Northridge Military Academy. I 21 went ahead and joined the US Army.</p> <p>22 And in the US Army, I excelled very 23 fast, because I had all that preparatory school, 24 and I was like very good. And my first assignment 25 was South Korea. That's where I found out how I</p>
<p style="text-align: right;">Page 27</p> <p>1 stem cell research.</p> <p>2 Q Okay. So back then, I think you 3 referenced ten years ago, and I think at another 4 point you said it was fifteen years. Do you 5 remember exactly what time period you're talking 6 about as far as these initial relationships with 7 Bioheart?</p> <p>8 A I would say between ten and fifteen 9 years ago.</p> <p>10 Q Okay. That helps.</p> <p>11 A I wouldn't be able to tell you.</p> <p>12 Q What about -- let's do this, was it 13 prior to your involvement in Jay Peak, Inc., the 14 ski resort?</p> <p>15 A Oh, yeah. Oh, yeah, way before that.</p> <p>16 Q Okay. So even before you started your 17 relationship with Jay Peak, you already had 18 contemplated doing a US version of Bioheart?</p> <p>19 A I think -- I think maybe if I can take a 20 few minutes and explain to you where my position 21 in life is like this, then you quickly grab onto 22 how I got here. I think that would help a little 23 bit, if you would.</p> <p>24 Q Okay. Yeah, please.</p> <p>25 A Yeah.</p>	<p style="text-align: right;">Page 29</p> <p>1 got to South Korea. And I married my wife, was 2 married today, thirty-eight years married. We 3 have two kids.</p> <p>4 My biggest assignment was working with 5 the United Nations and the security of the 6 militarized zone. And also I took care of Rudolf 7 Hess in Spandau Prison, where I lived for four and 8 a half years. And my son, Harry, was a commander 9 in the US Army today, and my daughter, who's an 10 auditor and graduated from FIU, were both raised 11 in South Korea. And I had them born at Spandau 12 Prison in the Berlin Brigade in Berlin.</p> <p>13 Q Okay.</p> <p>14 A When I left the Army in 1980, I had all 15 of my roots set up in South Korea, so I went back 16 to South Korea, and I helped the Korean 17 government. The Korean government likes to hire 18 soldiers who know to speak English to assist the 19 South Korean's trading companies to create 20 bilateral trade between the United States and 21 Korea.</p> <p>22 So they hired me, and I did a lot of the 23 work for them to travel with the Koreans, be their 24 translators, explain what the Americans are trying 25 to do, explain what the Koreans are trying to do.</p>

1 So since day one of my only business, I
2 was kind of a deal maker, an arbitrage, an
3 arbitrator. I was always trying to make the
4 Koreans understand what the Americans are trying
5 to think and what the United States -- what --
6 vice versa.

7 And that's really where I started my
8 business career. Because they -- that's -- the
9 Korean government, when you're a US soldier
10 working in South Korea in the position that I had
11 under the militarized zone where you have cracked
12 commanders, they hired those.

13 And I was married to a Korean at that
14 time. I spoke the language. My kids are from
15 her. So that all fused me to become very strong
16 in South Korea, and I stayed in South Korea for
17 about twenty-five years working with the Korean
18 government.

19 From time to time and for many years, my
20 father would take us to Vermont when we were
21 young. My father is a chocolate manufacturer, and
22 he manufactures chocolate at Koppers Chocolate
23 next to NYU in Greenwich Village, where he worked
24 for thirty-five years, forty years.

25 And from very young, he would take us to

1 Vermont, and he had land, and we would go up there
2 and stay up there during the summer. He didn't
3 like us to stay in New York City and open up the
4 fire hydrants. And that's how I became to know
5 what Vermont was since very young. And every
6 summer this was the -- that was the ordeal.

7 When I lived in South Korea, from time
8 to time, I would bring my wife and my kids to Jay
9 Peak because I knew. And at that time, I had my
10 home there in Jay Peak before I even bought it.
11 And I knew Bill Stenger, and I knew everybody up
12 there.

13 **Q Okay.**

14 A And that was my position in South Korea,
15 how I got there, and that's how I got to Jay Peak.
16 I tried to knock two things out.

17 **Q Okay.**

18 A When Korea tried to create exports into
19 the United States, and since I knew a lot of
20 things, some things that we did. We bought cows
21 from Nebraska. Senator Kerry, when he was
22 governor, I did all of these things. I did very
23 nice things to create very good trade between the
24 United States.

25 By the time I came to the United States

1 for the kids to go to college, my son went to Pace
2 and my daughter went to the University of Miami.
3 At that time, I came to the United States to live
4 and to settle down, and we settled in New York
5 City and also in Vermont.

6 **Q Okay. What year is this we're on to
7 now?**

8 A Oh, 1995, '96.

9 **Q Okay.**

10 A Then I started to do business in the
11 United States, but more just as an advisory to
12 people about South Korea. Korea was booming.
13 Korea was really growing very fast. So it was
14 very easy for a guy like me to do business. And
15 besides, I already came, basically, semi-retired
16 already when I came to the United States.

17 I came to Miami only because I love
18 sailing. That's it. I don't know what Miami is.
19 I didn't know -- I'd heard about all these movies.
20 And my friend told me about Key Biscayne, and
21 there's a nice lake, what we call Key Biscayne, to
22 sail on. And, frankly speaking, that's the only
23 reason I came to Miami. There's no other -- I
24 have no relatives here. I have nobody here. And
25 we love it. And this is from where my daughter

1 went to University of Miami and my son went to
2 Pace in New York City.

3 I think that that can tell you a little
4 bit of that background of how I positioned myself
5 in those areas that I'm trying to tell you. Does
6 that help?

7 **Q Yeah.**

8 **So you're now in Miami. You're advising
9 on South Korea. When do you start --**

10 A Okay. When I went to Jay Peak, you want
11 know about that one?

12 **Q Yeah.**

13 A When I went to Jay Peak, from time to
14 time the Canadians, MSSI, didn't like having that
15 asset there.

16 **Q Okay.**

17 A They owned six other assets, as the
18 story is. I don't know their -- really who they
19 really are, but I was told this.

20 And Jay Peak had a lot, a lot of buyers,
21 a lot of, a lot of buyers. But the Governor, the
22 Senator, Bill Stenger, the selectmen, which are
23 their own governors for every town, were so
24 frightened that Jay Peak will become
25 commercialized. That is to say they didn't want a

<p style="text-align: right;">Page 34</p> <p>1 new company to come in and buy Jay Peak that would 2 convert it into a Starbucks, Pizza Hut, 3 McDonald's, Dunkin Donuts, Home Depot. 4 The northeast kingdom, to the Senator, 5 to the Governor, to the selectmen, and to the 6 people is very well protected, very well 7 protected. They involve -- in fact, in one of the 8 oldest laws in the United States, which is called 9 the Land Trust Act law, which if you buy a farm, 10 it has to be remain a farm for the rest of your 11 life, and they still have. 12 So they said, Quiros, you have a farm, 13 you have friends here, you know Vermont, you know 14 it since you were a baby, why don't you consider? 15 Well, I don't know nothing about resort. I don't 16 know nothing. Talk to me about trade, talk to me 17 about export manufacturing, I can help. 18 Q Is this Stenger that's -- 19 A All of them. The Governor, Governor 20 Douglas, Senator, everybody asked me to acquire 21 Jay Peak. 22 And they had this system -- a new system 23 that was a pilot program, a test program, which 24 was called EB-5. 25 Q Let me ask you question. Who introduced</p>	<p style="text-align: right;">Page 36</p> <p>1 that the company couldn't survive the way it is, 2 let alone with a new test program, what they 3 called a test program, a pilot program for the 4 EB-5. I don't even know what it is. I don't 5 understand it. 6 Q So at this point, had they been involved 7 in the EB-5 program? Had they been raising 8 capital -- 9 A Yeah, they'd been doing EB-5. 10 Q Okay. 11 A Because it was getting close that a 12 buyer was going to buy. What accelerated that 13 purchase was that the father died, these -- the 14 four and these French Canadians. 15 Q The sellers? 16 A The sellers' father died. In fact, 17 there's a tomb on the golf course for the father. 18 Q Oh, at Jay Peak? 19 A Yes. 20 Q Okay. 21 A That was a memorial of the father. 22 And at that time, the golf course was 23 way in the making. A lot of things that they did 24 in preparation for this new EB-5 I never even 25 heard of, but -- they said, Quiros, with this, you</p>
<p style="text-align: right;">Page 35</p> <p>1 that concept to you, the EB-5 concept? Was 2 that -- 3 A The selectmen and Bill Stenger. The 4 selectmen and Bill Stenger. 5 Q Okay. 6 So they approached you with the idea of 7 buying Jay Peak using the EB-5 program? 8 A Yes. Correct. Correct. Correct. I -- 9 I live there. You know, I always know Jay Peak as 10 my home. I don't know Jay Peak as a business. And 11 I'm not a skier, per se. I'm not all of that. I 12 do ski, but I'm not -- I'm not from up there. I'm 13 from New York City, from Manhattan. 14 So they all asked and asked. And they 15 said, Quiros, it can happen, we'll get this EB-5 16 going, and we'll get foreigners to invest, and 17 we'll redevelop it. 18 At the same time, the economy was 19 crashing. At the same time, I don't know much 20 about the United States as far as setting up new 21 businesses, because I've lived in Korea for so 22 many years. 23 So I decided, after a thorough due 24 diligence with my people, primarily Bill Kelly, we 25 started to investigate the company. And we saw</p>	<p style="text-align: right;">Page 37</p> <p>1 won't be able -- in a short time, in a short 2 explanation, in a very short explanation. 3 Q Sure. 4 A They said, Quiros, these hotels will be 5 theirs. We'll manage them. We'll be safe. They 6 will give us the bed base, and we can sell our ski 7 pass tickets. And we will run it for them and 8 build it and so forth. 9 Q When you say them, you're referring to 10 the investors from the EB-5? 11 A Yes, sir. Yes, sir. 12 Q Okay. 13 A And I said, well, Bill Stenger, you 14 know, how about the employment base? He says, no, 15 don't worry, it's a State-run program. It's going 16 to be State endorsed, State supported, State 17 sponsored. They're going to teach people how to 18 paint. They're going to teach people how to cut 19 rugs. They're going to teach people how to be a 20 craftsman. Don't worry. 21 I'm looking around. Jay is only four 22 hundred people, including the dogs. I said, whoa, 23 where are you going to get the people? Don't 24 worry, the State is going to get heavily involved. 25 They're going to get buses. They're going to send</p>

<p style="text-align: right;">Page 38</p> <p>1 people up here.</p> <p>2 And I was so scared, because I'm very</p> <p>3 disciplined. I know when something is something</p> <p>4 wrong. I feel it, and I, whoa. As a soldier and</p> <p>5 living in Korea, I know if something is very</p> <p>6 wrong.</p> <p>7 So I said, whoa, no. And then I spoke</p> <p>8 with the Governor. They introduced to me to</p> <p>9 Governor, and they introduced me to all the</p> <p>10 selectmen.</p> <p>11 MS. FUCHS-SINDLER: What are selectmen?</p> <p>12 THE WITNESS: Huh?</p> <p>13 MS. FUCHS-SINDLER: What are selectmen?</p> <p>14 THE WITNESS: Selectmen are -- in the</p> <p>15 State of Vermont, there are three governors for</p> <p>16 every town, and that's the way the State of</p> <p>17 Vermont runs. They're called selectmen, but they</p> <p>18 are little three mayors or three governors. They</p> <p>19 control the budget for the little town. And Jay</p> <p>20 was only a six hundred, really very small town,</p> <p>21 six hundred.</p> <p>22 BY MR. JAMES:</p> <p>23 Q So there were three selectmen, three</p> <p>24 selectmen for Jay?</p> <p>25 A Jay.</p>	<p style="text-align: right;">Page 40</p> <p>1 years. Jay Peak has been here for sixty-six</p> <p>2 years. I don't want nothing wrong. My family</p> <p>3 lives up here. You know, you've got to be very</p> <p>4 careful. You've got to run it. I'll buy it, but</p> <p>5 you've got to run it, because I wouldn't even know</p> <p>6 where to begin. And he said, Quiros, our whole</p> <p>7 team is here. Everybody is up here. We'll run it</p> <p>8 with our eyes closed. We have a lot of support.</p> <p>9 So those were the nouns and the</p> <p>10 adjectives that I used to acquire this resort. It</p> <p>11 was all that -- and it was quite cool, because I</p> <p>12 lived it. It was nice. It wasn't manufacturing.</p> <p>13 It wasn't pollution. It wasn't anything working</p> <p>14 in the city. And I didn't want that anymore. I</p> <p>15 lived in the city for too long, Europe and Asia. I</p> <p>16 wanted something to relax.</p> <p>17 Q So before you decided to purchase, are</p> <p>18 you involved in other businesses or --</p> <p>19 A Just trade, trade, wire and cable.</p> <p>20 Q Okay. And --</p> <p>21 A I did that. I continuously did the</p> <p>22 trading. I did wire. I did cable, things like</p> <p>23 that. That's what I exported.</p> <p>24 Q Okay. So turning back to the</p> <p>25 discussions leading up to the decision to take</p>
<p style="text-align: right;">Page 39</p> <p>1 And then I spoke with the State</p> <p>2 Department, and I spoke with -- I went to</p> <p>3 Montpelier, because we don't believe -- I don't</p> <p>4 believe this whole thing about EB-5 and immigrants</p> <p>5 through all the economy is falling at record</p> <p>6 speed, and I don't want to get caught in a trap.</p> <p>7 And, oh, my Lord, what do I do?</p> <p>8 But everybody, please Quiros, please</p> <p>9 Quiros, please Quiros, buy Jay Peak, buy Jay Peak,</p> <p>10 buy Jay Peak. It was every day, every day.</p> <p>11 So to make a long, long story short</p> <p>12 about that, I said, okay, but you let me take over</p> <p>13 and let me see what this resort does.</p> <p>14 From January of that year, 2008, they</p> <p>15 gave me the resort. They didn't give it to me by</p> <p>16 documents, but they let me run it and manage it</p> <p>17 and let me see how the income is and see how this</p> <p>18 EB-5 works to get taught, really taught,</p> <p>19 because -- and then we did that all the way up</p> <p>20 until June, I think it was. And then --</p> <p>21 Q So were you actually in Vermont, in Jay,</p> <p>22 Vermont for that January to June time period?</p> <p>23 A No. No. No. Bill Stenger -- I made a</p> <p>24 deal with Bill Stenger. Bill Stenger, if I do</p> <p>25 this, you've been running it for twenty-five</p>	<p style="text-align: right;">Page 41</p> <p>1 over and then acquire Jay Peak, when did price</p> <p>2 come up? Was there discussions about how much it</p> <p>3 was going to cost?</p> <p>4 A Yeah. Yes. I -- you want to really</p> <p>5 know all of this? I'll explain it.</p> <p>6 In reality, I got a Korean company to</p> <p>7 buy Jay Peak.</p> <p>8 Q Okay. What company?</p> <p>9 A Huh?</p> <p>10 Q What company? What was the name of</p> <p>11 the --</p> <p>12 A Taihan Electric. Taihan Electric is</p> <p>13 like General Electric.</p> <p>14 Q Okay. How do you spell --</p> <p>15 A Taihan?</p> <p>16 Q Yes.</p> <p>17 A T-A-I-H-A-N.</p> <p>18 Q Okay.</p> <p>19 So you got Taihan Electric to purchase</p> <p>20 Jay Peak?</p> <p>21 A Yes. And they actually deposited -- at</p> <p>22 that time, they were going to do a purchase of</p> <p>23 about thirty-two million.</p> <p>24 And the French people liked them, and so</p> <p>25 did I. And that was easy, because if I told them,</p>

<p style="text-align: right;">Page 42</p> <p>1 you should buy it, they would buy it, because I</p> <p>2 had a good name, and I have a good name. And they</p> <p>3 said, Quiros, sure, sure.</p> <p>4 So the Korean company was so good. When</p> <p>5 they went and deposited the money at a bank called</p> <p>6 Chittenden Bank, which by the way closed,</p> <p>7 thereafter. But Chittenden Bank in Burlington,</p> <p>8 they deposited the money. So the Americans saw it</p> <p>9 was for real.</p> <p>10 Q Was that the thirty-two million?</p> <p>11 A Yeah, the thirty-two million.</p> <p>12 Q Do you remember what time period are we</p> <p>13 talking, what month, what year?</p> <p>14 A The year before I bought it.</p> <p>15 Q Okay. So this is 2007?</p> <p>16 A Yeah, in that time.</p> <p>17 Q Do you remember late 2007, early 2007?</p> <p>18 A I don't know. I don't know.</p> <p>19 When they sent a whole barrage of men,</p> <p>20 it scared them to death, the Vermonters. They are</p> <p>21 called Vermonters. It scared them to death.</p> <p>22 Q Oh, when the Korean company sent --</p> <p>23 A You know, the due diligence process.</p> <p>24 Q Okay.</p> <p>25 A They got so scared. They got so scared.</p>	<p style="text-align: right;">Page 44</p> <p>1 since then in those years, everything, we</p> <p>2 dissolved all of that stuff. But, yes, they</p> <p>3 tried. I stopped the deal.</p> <p>4 I stopped the deal. And I drove from</p> <p>5 Jay Peak to Montreal at 5:30 at night after I got</p> <p>6 the permission from Bill Stenger. Bill Stenger,</p> <p>7 would you allow me? I will do it. Okay. You</p> <p>8 convinced me. I'll buy it. I'll buy it. It's</p> <p>9 okay.</p> <p>10 So I drove to Montreal, spoke with MSSI,</p> <p>11 spoke with the son, another relative. They have</p> <p>12 like a Board, a team of guys. They met me at a</p> <p>13 restaurant late at night. And they said, okay,</p> <p>14 Mr. Quiros, we understand. I said, don't worry,</p> <p>15 I'll give you thirty-five, forty thousand dollar</p> <p>16 deposit un-refundable. I'll give you another</p> <p>17 hundred thousand. I don't know the exact numbers,</p> <p>18 but it ended up being a couple of hundred thousand</p> <p>19 dollars, I gave it to them, non-refundable.</p> <p>20 And they said, okay, Quiros, you want</p> <p>21 that? I said, yes, would you please let me take</p> <p>22 Taihan Electric off the Board. And they said,</p> <p>23 yes.</p> <p>24 Now, I knew I was going to buy Jay Peak</p> <p>25 at that time. That was exactly the time that I</p>
<p style="text-align: right;">Page 43</p> <p>1 They did not -- Mr. Quiros, we can't have these</p> <p>2 Koreans. There's no way. They want to take over</p> <p>3 the resort. They want to take over the people.</p> <p>4 Where's all our jobs?</p> <p>5 The Koreans have that downfall. When</p> <p>6 they take over a company, they clean up. They</p> <p>7 clean house. But since I was just going to make a</p> <p>8 commission from that deal and I was happy, they</p> <p>9 all begged me, Quiros, you cannot sell it to</p> <p>10 Taihan Electric, give them back their money, give</p> <p>11 them back their money, give them back their money.</p> <p>12 MS. FUCHS-SINDLER: Who's begging you?</p> <p>13 THE WITNESS: Huh?</p> <p>14 MS. FUCHS-SINDLER: Who's begging you?</p> <p>15 THE WITNESS: The selectmen, the</p> <p>16 Vermonters, Bill Stenger, everybody.</p> <p>17 MS. FUCHS-SINDLER: Mr. Stenger.</p> <p>18 THE WITNESS: Yeah. Everybody is saying</p> <p>19 they're not good. And I also felt it.</p> <p>20 MS. LAMA: Were there any agreements in</p> <p>21 place, any intent to -- Letters of Intent</p> <p>22 surrounding this?</p> <p>23 THE WITNESS: Yeah, of course. In those</p> <p>24 years, probably there was. I'm sure there was.</p> <p>25 I'm sure there was. I'm sure there was. We,</p>	<p style="text-align: right;">Page 45</p> <p>1 knew I was going to buy Jay Peak.</p> <p>2 BY MR. JAMES:</p> <p>3 Q So what happened with the thirty-two</p> <p>4 million that Taihan had deposited?</p> <p>5 A They sent that back. It was a five-day</p> <p>6 thing. They got the money. They kept it there,</p> <p>7 and it was sent back right away. Not one penny</p> <p>8 lost. It was sent with full amount. I did not</p> <p>9 want to lose my face in South Korea, because it</p> <p>10 was something that I initiated to get them out. I</p> <p>11 brought them in and I got them out.</p> <p>12 Q And they were receptive to --</p> <p>13 A Yeah. Yeah. Yeah. Yeah, they there.</p> <p>14 They were. They knew. It didn't match. The mix</p> <p>15 was like olive -- like oil and vinegar. It just</p> <p>16 was not good.</p> <p>17 Q So now, you just said, now you knew you</p> <p>18 were going to buy Jay Peak?</p> <p>19 A Yeah, I knew.</p> <p>20 Q At this point, do you have the capital</p> <p>21 yourself? Because now Taihan, the money went</p> <p>22 back. Do you have the capital yourself?</p> <p>23 A Yeah, I have. Through our findings, we</p> <p>24 were able to understand how this was going to</p> <p>25 happen, and it's quite nice the way it happened.</p>

<p style="text-align: right;">Page 46</p> <p>1 Q Okay. Tell me.</p> <p>2 A I was quite fortunate in the sense that</p> <p>3 since we were able to manage the company, I was</p> <p>4 able to see that MSSSI owed us money because of the</p> <p>5 work that had already started in the EB-5 world at</p> <p>6 Jay Peak.</p> <p>7 Q Okay. When you said owed us money,</p> <p>8 who's us?</p> <p>9 A Jay Peak.</p> <p>10 Q Okay. So MSSSI owed Jay Peak money?</p> <p>11 A Yeah.</p> <p>12 Q Based on what?</p> <p>13 A Work that, apparently, Jay Peak had done</p> <p>14 with them. I don't know those details because</p> <p>15 this is by their saying, by their doing. When</p> <p>16 they give me their schedule, it showed very</p> <p>17 clearly that they owed Jay Peak a certain amount</p> <p>18 of money.</p> <p>19 Q Okay. So when MSSSI gave you --</p> <p>20 A Yes.</p> <p>21 Q -- their schedule, it showed they had a</p> <p>22 liability to Jay Peak?</p> <p>23 A Yes. About -- about, I would say,</p> <p>24 one-third the cost, they owed us, one-third the</p> <p>25 cost. They were selling it for twenty some-odd</p>	<p style="text-align: right;">Page 48</p> <p>1 Q Did you retain that document? Do you</p> <p>2 have that document?</p> <p>3 A Yeah, I'm sure we have those documents.</p> <p>4 Q Do you know if that was produced in</p> <p>5 response to subpoenas?</p> <p>6 A It was produced. To you guys, yes. To</p> <p>7 you guys, you have, you have those documents for</p> <p>8 sure.</p> <p>9 MR. JAMES: Go ahead.</p> <p>10 MR. GORDON: I just want to -- I think</p> <p>11 he might be able to -- if I can clarify one point?</p> <p>12 Was it that the EB-5 entities owed money</p> <p>13 to Jay Peak, Inc., or was that MSSSI owed money to</p> <p>14 Jay Peak, Inc., to your recollection?</p> <p>15 THE WITNESS: No, I don't know.</p> <p>16 MR. GORDON: You don't know.</p> <p>17 THE WITNESS: It was the combination --</p> <p>18 it was the combination of how they produced that</p> <p>19 schedule to us. But since it was from them to me</p> <p>20 before I acquired it, that was the -- that was the</p> <p>21 very good thing, that I was able to see everything</p> <p>22 before the end of the season.</p> <p>23 MR. JAMES: Okay.</p> <p>24 THE WITNESS: So it wasn't that they</p> <p>25 were lying, what they were telling me.</p>
<p style="text-align: right;">Page 47</p> <p>1 million dollars, and they had on the books that</p> <p>2 they owed us, I would say, one-third.</p> <p>3 Q One-third of the --</p> <p>4 MR. GORDON: May I --</p> <p>5 MR. JAMES: One second. One second.</p> <p>6 BY MR. JAMES:</p> <p>7 Q One third of the twenty-three million?</p> <p>8 A Yes, sir.</p> <p>9 Q And do you recall what was the basis for</p> <p>10 that liability? What did they owe you for?</p> <p>11 A EB-5 stuff maybe. Work that was done in</p> <p>12 preparation for the EB-5. All the work that Jay</p> <p>13 Peak had to do to get the EB-5 ready to the level</p> <p>14 that it's at, drawings, architect. I cannot give</p> <p>15 you that schedule, because it was something that</p> <p>16 they gave to us, they said to us.</p> <p>17 MS. LAMA: And what schedule are you</p> <p>18 referring to?</p> <p>19 THE WITNESS: I don't -- I didn't tell</p> <p>20 you a schedule. I don't know that schedule. I</p> <p>21 don't know the reason why they owed us that money.</p> <p>22 They just said they owe us the money.</p> <p>23 BY MR. JAMES:</p> <p>24 Q But you saw a document that showed that?</p> <p>25 A Yes, of course.</p>	<p style="text-align: right;">Page 49</p> <p>1 Now, how did they get to that number? I</p> <p>2 don't know. But what data I received, oh, okay,</p> <p>3 it's getting closer.</p> <p>4 Then the balance of the purchase was in</p> <p>5 two-fold; one, I acquired debt, and at that time</p> <p>6 by June, the EB-5 people, the investors, the</p> <p>7 general partners, as they're called in the EB-5</p> <p>8 world, where you actually put them altogether in a</p> <p>9 bucket, and they're called a general partner, that</p> <p>10 bucket owed us about another seven some-odd</p> <p>11 million dollars. So --</p> <p>12 MS. LAMA: Can you clarify that? What</p> <p>13 do you mean by that?</p> <p>14 THE WITNESS: They owed us seven million</p> <p>15 dollars for the services that the limited partners</p> <p>16 did in supervision fees, in architectural fees,</p> <p>17 things like this. There's a fee that we're</p> <p>18 allowed to get from the general partner. That</p> <p>19 added up to another seven million.</p> <p>20 At the time, had I bought it in January,</p> <p>21 that money was not available. But by buying it in</p> <p>22 June, I was able to see that they owed us that</p> <p>23 money, so it worked perfect. It was a perfect,</p> <p>24 perfect, perfect situation.</p> <p>25 I used that money, plus the money they</p>

<p style="text-align: right;">Page 50</p> <p>1 owed me to acquire Jay Peak. And I'll tell you 2 that process in a few minutes. But that's what I 3 used to purchase Jay Peak, and plus a couple of 4 million of my money, approximately, two and a half 5 million dollars.</p> <p>6 I know in very quick terms, wow. Well, 7 that wow, write it ten times, because it's really 8 wow. It's a true story. It's exactly how it 9 happened. Nothing more; nothing less.</p> <p>10 Why did it happen? It happened because, 11 one, everybody was afraid to buy Jay Peak. It was 12 too far out there in the country. Number two, 13 they had started this EB-5 program way early than 14 they were going to sell it. Because MSSI was 15 going to do the EB-5 program, but they got scared 16 because the economy was crashing. And I mean the 17 economy was crashing, Wall Street, Citibank, 18 everybody was closing up. June, July, August, 19 September banks was closing.</p> <p>20 So I got very, very scared almost to the 21 point where I said I better just be careful. But 22 what I did was, I said -- and no banks would 23 secure this money. I couldn't even deposit the 24 money because nobody wanted to hold this money, 25 because these banks only can guarantee me a</p>	<p style="text-align: right;">Page 52</p> <p>1 looking for a bank that would give me -- or a 2 security house that would give me Treasury bills, 3 but they were all being consumed by the federal 4 government. If you remember 2008 June, July, 5 August, September, it was a bad, bad time.</p> <p>6 One bank -- one security house by the 7 name of Raymond James said, yes, Quiros. Why? 8 Because they felt that all those investors will 9 one day invest in their securities.</p> <p>10 Q All the EB-5 investors? 11 A Will come. Since they're immigrants 12 coming into America, they don't know where to 13 place money. Since I'm using them, they will ask 14 me as a way of promoting their situation.</p> <p>15 And I told them there's no risk. I want 16 you to put all this money in securities, in 17 Treasury bills. I know I don't make no money, but 18 I can sleep at night, because all the money is 19 there, all the money is there.</p> <p>20 And, number two, I will set up a margin 21 account by using what is their money for them and 22 what is owed to me is mine.</p> <p>23 Q Explain that again. Sorry. 24 A Well, I had to withdraw my money from 25 their monies. They owed me money.</p>
<p style="text-align: right;">Page 51</p> <p>1 hundred and fifty or two hundred and fifty 2 thousand dollar deposits.</p> <p>3 While I'm seeing all the banks folding 4 down, by logic I said, okay, that's where the word 5 "Treasury bill" came to par. It happened not 6 because I was smart. It happened because there 7 was nothing left there. That's -- I want you to 8 know, consultants advised me. It was a 9 mathematical thing. Whoa, whoa, whoa, whoa, whoa.</p> <p>10 Good, let's put all the money in margins. From 11 day one, all the monies will go through a margin. 12 So I put all of the general partners' 13 investment money into Treasury bills. And I -- 14 later through this conversation I guess or through 15 your questions I will show you how that happened.</p> <p>16 BY MR. JAMES: 17 Q And then where was -- you said you put 18 the investor money in these margin accounts, 19 Treasury bills. At what institutions? 20 A I went into Treasury bills. 21 Q Okay. 22 A Went into Treasury bills. 23 And then the second part to those 24 Treasury bills, as I lifted the funds into the 25 Treasury bills, I went all over the United States</p>	<p style="text-align: right;">Page 53</p> <p>1 Q Okay. So when you said you had to 2 withdraw your money from the investor monies? 3 A Yes. 4 Q Okay. And your money, what portion of 5 that is your money? 6 A Supervision fees, construction fees. 7 They owed me money. 8 Q Okay. 9 A So they put that money -- they kept that 10 money there, all the money. Not one cent was 11 missing, as you can see from every statement from 12 day one that you have. Because another thing that 13 I did was, I used an one-window system. 14 Q What's that? 15 A The one-window system that I developed 16 was a way that I can monitor what was being done 17 with this money. So any monies that arrived from 18 Chittenden Bank will go directly to the general 19 partners at Raymond James after the money has been 20 secured. That means it stays in the Chittenden 21 Bank for ninety days to verify that the immigrant 22 will pass the test, source of funding, things like 23 this. The money would stay there. I didn't want 24 no money that didn't pass bucket there. 25 When the money passed bucket there, the</p>

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1 money's then to be released to the general
 2 partners' account that I have established at
 3 Raymond James. And the monies will all go there,
 4 Jay Peak I, Jay Peak II, Jay Peak III, Jay Peak
 5 IV, Jay Peak V.
 6 Through there, I knew that all the funds
 7 are secure. And then I would just manifest and
 8 work with just the margins, having all of that to
 9 secure.
 10 It was quite good, because it allowed me
 11 to apply a one-window system. All the monies that
 12 went out for the first two and a half years always
 13 went out through Q Resorts. So if you want to
 14 verify an exact railroad of how the money went out
 15 of Raymond James for the first two and a half
 16 years, go through Q Resorts. This will help you
 17 understand very fast. Not one penny that was not
 18 mine, that was theirs, always went back to Jay
 19 Peak through that Q Resort account.
 20 So the Q resort account was like my
 21 clearing house. By me looking at that, oh, okay,
 22 this money went to Jay Peak, this money went to
 23 Jay Peak. Because I'm only one man. I have only
 24 one secretary in my office here in Miami. Because
 25 I had the whole team at Jay Peak. All I did was

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1 manifest and make sure that I had every cent in
 2 Treasury bills. And that was my main job.
 3 **Q So let me just take you through that.**
 4 A It's a lot to grab. It's very hard
 5 to --
 6 **Q No. I appreciate it. That kind of sets**
 7 **the premise.**
 8 **So let's just go back. So you have an**
 9 **investor that's investing in LP I, the first EB-5**
 10 **project at Jay Peak.**
 11 A Yes, sir.
 12 **Q So that investor sends the five hundred**
 13 **thousand dollars to the Chittenden bank account?**
 14 A Yes, sir. Through a process.
 15 **Q Okay. Through a process. Okay.**
 16 **And that's where you talked about it's**
 17 **held there for ninety days while confirmation is**
 18 **made as to that.**
 19 A It can be ninety days. It can be a
 20 hundred and twenty days. It varies. Some people
 21 can go fast.
 22 **Q Okay. Okay.**
 23 **And is that -- that event, is that the**
 24 **approval of their 526 petition?**
 25 A Yes, sir. Yes, sir. Yes, sir.

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1 **Q Okay. So for the first project, the**
 2 **money would stay in Chittenden Bank. The**
 3 **investment was in Chittenden Bank.**
 4 A And still today.
 5 **Q Okay.**
 6 A Until this day, all of my six projects
 7 is like that.
 8 **Q Okay.**
 9 **So all of the money that comes in to**
 10 **Chittenden Bank for each of these projects, all of**
 11 **that money will be in that account is monies**
 12 **submitted by the investors?**
 13 A Yes, sir.
 14 **Q Okay.**
 15 **In those accounts, whether we're talking**
 16 **about the first project or you mentioned all six**
 17 **projects, is any of that money that comes in**
 18 **initially at Chittenden Bank, which I think now is**
 19 **People's Bank, does any of that money come from**
 20 **any other sources, other than the investors?**
 21 A No, never.
 22 **Q Okay.**
 23 **So now you have that money in there. So**
 24 **you have the first investor, they get their 526**
 25 **petition approved, but it took ninety days or a**

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1 **hundred and eight days, that happens. What**
 2 **happens next with that investor's money?**
 3 A Once that investor goes through that
 4 process, the money is sent to Raymond James, to
 5 their bucket, whatever that investor invested in,
 6 if he invested in Jay Peak I, Jay Peak II, Jay
 7 Peak III, Jay Peak IV, Jay Peak V, or Jay Peak VI.
 8 **Q Okay.**
 9 A It goes to that bucket.
 10 MS. LAMA: The transfers from People's
 11 Bank escrow accounts to Raymond James --
 12 THE WITNESS: Direct.
 13 MS. LAMA: -- who authorizes those
 14 transfers?
 15 THE WITNESS: Bill Stenger.
 16 MS. LAMA: And Bill Stenger has the only
 17 signatory authority over those accounts?
 18 THE WITNESS: Yes. Yes.
 19 BY MR. JAMES:
 20 **Q And was that by your design? Again, you**
 21 **talked about --**
 22 A No. Okay. I didn't bother them the
 23 first two years and a half. The reason was
 24 important to explain to you why I lead this
 25 company the way I did and manage this company the

<p style="text-align: right;">Page 58</p> <p>1 way I did is because I was trying to make you 2 understand that Quiros, I believe in people. I 3 trust people. And I hire and have crack mechanics 4 to do their job, men like George, men like Ken, 5 men like William Kelly, Bill Stenger. These are 6 crack mechanics.</p> <p>7 They have all the SEC lawyers, Carroll 8 Scribner and all of the SEC lawyers who are making 9 all of these documents. The State is approving 10 all of these scenarios. It's a State-run program. 11 It's a State-run -- it's controlled by the State.</p> <p>12 So with all of that assurance, okay. And 13 the way I bought Jay Peak, wow, so nice, so nice. 14 It was just a lucky situation. But it's lucky, 15 yes, but the gamble was very big, because nobody 16 knew what this pilot program was going to bring. 17 Nobody knew where I can really do this 18 construction. Nobody has tested any part of what 19 we did. We were the pilot program.</p> <p>20 When we went to go get foreign 21 investors, we went with government officials 22 because we're a State program. It's not like when 23 you would go to England to try to get an investor 24 and start talking. How different it would be when 25 you go and you have the governor, the senators,</p>	<p style="text-align: right;">Page 60</p> <p>1 seen him when I was young, you know, when I saw 2 him years before. I know what he has done at Jay 3 Peak. I know how everybody respects him. 4 Basically, Bill Stenger can be the governor of 5 Vermont. It's just a matter of him saying yes. 6 They will elect him tomorrow morning.</p> <p>7 Q Okay.</p> <p>8 So he already had signatory authority on 9 those accounts --</p> <p>10 A Yes, sir.</p> <p>11 Q -- when you acquired Jay Peak?</p> <p>12 A Yes, sir. Always. Always.</p> <p>13 Q And that remained?</p> <p>14 A Yes, sir.</p> <p>15 Q And is that still the case to this day?</p> <p>16 A Yes, sir. I've never -- no. Now, with 17 the new projects going forward, because of our 18 success with Jay Peak, I've acquired the right to 19 do AnC Bio and the city projects that we're going 20 to do in the future. You should understand that 21 that's how it happened.</p> <p>22 And now because of what I've learned 23 from David and what I've learned from the SEC and 24 what concerns could be there, I have tried to put 25 myself more hands on on some of the signatories of</p>
<p style="text-align: right;">Page 59</p> <p>1 the mayors, the city councilman all around you, 2 it's very easy. That's the advantage of a 3 State-run program. Nobody can get credit. It was 4 a combination of a State effort to do this.</p> <p>5 And as I tell many people, the Treasury 6 bills, it was the last common denominator. There 7 was nowhere else to put the money in. I couldn't 8 trust it. I don't trust anybody. So I was not 9 going to put it into a bank where some Joe Schmoe 10 telling me about his bank and that bank when all 11 the banks are closing.</p> <p>12 So that is exactly how it happened. It 13 all happened to the lowest common denominator. I 14 don't want to say that anybody had the genius to 15 all of this. It's the way it occurred.</p> <p>16 Q But when you said you left it alone, I 17 was asking you about -- I think Ms. Lama asked you 18 about, both Stenger having signatory over that 19 account. And I asked you, was that your doing, 20 and you said you left it alone for two and a half 21 years --</p> <p>22 A Because I didn't want to bother them.</p> <p>23 Q Okay.</p> <p>24 A I didn't want to -- I know he's a good 25 guy. I know he's an honest man. I know. I've</p>	<p style="text-align: right;">Page 61</p> <p>1 certain things.</p> <p>2 Q Okay.</p> <p>3 A I'm trying to do that. I'm waiting for 4 the results of this, and then I will take more 5 action depending on what I should do better.</p> <p>6 It's a pilot program. It's a test 7 program. That's clear. It's promoted that way. 8 It was promoted that way.</p> <p>9 Obama extended it twice, and it has an 10 expiration date. We don't know how long it's 11 going to last. We hope that Obama will now make 12 it sit for many more years to come, we hope. 13 There's no assurance of that, but we hope.</p> <p>14 Q So going back, so we have that investor 15 sends their money, and regardless of which 16 project, sends their money to the Chittenden, 17 People's Bank trust account. Once their 526 is 18 approved, now that money, you said, is transferred 19 to the corresponding account at Raymond James. 20 So --</p> <p>21 A The general partners' account.</p> <p>22 Q -- the LP I account at Chittenden Bank, 23 the money from that will be transferred to the 24 corresponding general partner account at Raymond 25 James?</p>

1 A Yes, sir.
 2 Q Okay. And who initiates or authorizes
 3 that transfer from People's Bank to Raymond James?
 4 Is that Bill Stenger?
 5 A That's Bill Stenger.
 6 Q Okay.
 7 So --
 8 A Because he represents the general
 9 partners and that's why he does it that way.
 10 That's the way it is.
 11 Q Okay.
 12 A I did not allow anything unless we had
 13 proper documentation that Bill Stenger had full
 14 control over the general partners.
 15 Q Okay.
 16 A And that he did.
 17 Q So Mr. Stenger has signatory authority
 18 over the GP accounts at --
 19 A Yes, sir.
 20 Q -- let me finish -- at Raymond James?
 21 A Yes, sir -- no, nobody touch Raymond
 22 James.
 23 Q Okay. So he has signatory authority
 24 over the GP accounts at People's Bank, Chittenden
 25 Bank?

1 A Yes, sir.
 2 Q And you may want to put your hand down
 3 just so she can hear your answer.
 4 A Yes, sir.
 5 MS. LAMA: And this applies to all the
 6 partnerships?
 7 THE WITNESS: Yes.
 8 BY MR. JAMES:
 9 Q And then once -- so he authorizes
 10 transfers of five hundred thousand dollars to
 11 Raymond James GP account for this investor now
 12 that we have their approved 526 petition?
 13 A Yes.
 14 Q Okay.
 15 So now the money comes into that Raymond
 16 James account for the Phase I GP partnership?
 17 A Yes, sir.
 18 Q Okay.
 19 So that account, what happens next with
 20 that money? Is that where --
 21 A No. It goes right directly to Treasury
 22 bills.
 23 Q Okay.
 24 So the minute it comes in, the entire
 25 five hundred thousand dollars is used maybe as

1 part of a large amount, but it's used to purchase
 2 Treasury bills?
 3 A Right away, yes. And they have
 4 expiration dates, so sometimes we buy them for a
 5 year, a month, three months. It depends what was
 6 available for the market.
 7 Q Okay.
 8 A Then based on that is when I'm able to
 9 reduce the margins because I'm taking money out of
 10 the margins to infiltrate all the money back to
 11 Jay Peak to do the construction.
 12 Q Okay. So as soon as it comes into that
 13 account -- and by the way, who is your contact at
 14 Raymond James? Who are you dealing with for all
 15 these transactions?
 16 A Joel, Joel Burstein.
 17 Q Joel Burstein. Okay.
 18 So the money comes into Raymond James GP
 19 Phase I account. Mr. Burstein or whoever
 20 purchases the Treasury bill.
 21 A It's a team. A whole team was set up to
 22 do this at Raymond James.
 23 Q Okay.
 24 And this is the practice for every
 25 transaction, every --

1 A Yes, sir.
 2 Q Okay.
 3 So Mr. Burstein and his Raymond James
 4 team, they use that five hundred thousand dollars,
 5 and they purchase Treasury bills?
 6 A Yes, sir.
 7 Q So in that account, what would be
 8 reflected on the actual statement for that
 9 account? Will it show the five hundred thousand
 10 dollars coming in and then being --
 11 A You have -- yes, they buy Treasury
 12 bills.
 13 Q Okay.
 14 And so you get these statements monthly
 15 that shows these transactions?
 16 A Yeah. You have every statement. You're
 17 not missing one statement.
 18 Q Okay.
 19 A Every statement has been given to you
 20 from day one until today.
 21 Q Okay.
 22 So now you've mentioned the margin
 23 accounts. So for each I guess LP account, GP
 24 account, there's a corresponding margin account?
 25 A One margin.

1 **Q One margin account.**

2 **So one margin account is --**

3 A Signed by me. Signed by me. I signed
4 it. And the funds that are in that account are
5 sent back to Jay Peak for the construction. I
6 don't touch the Treasury bills.

7 When the Treasury bills mature, then it
8 comes back to the margin to reduce the margin.
9 That's how it worked. So if we had a Treasury
10 bill out there a year, you will see the margins go
11 up very high, but we didn't care, Raymond James
12 didn't care because they had the Treasury bill
13 ready to pay it as soon as it matured.

14 To understand that mathematics, it also
15 is a bigger picture. You must understand that Jay
16 Peak is a seven hundred and fifty million dollar
17 EB-5 program broken in two buckets, one for three
18 hundred million, which we have successfully
19 completed, which is Phase I, that included six of
20 the buckets, and we have completed that task.

21 Until today, we owe nobody any money.
22 All the vendors are paid. There is some
23 miscellaneous things to build, but Bill Stenger
24 has decided not do it yet because the mountain is
25 going to sink. There's so much construction going

1 which was in two buckets, Phase I, which is what
2 we're talking about.

3 **Q Okay. And that's the six projects all
4 the way through Stateside?**

5 A Yeah. That's three hundred million.

6 **Q Okay.**

7 A And then the next project, the West
8 Bowl, is four hundred million -- four hundred and
9 twenty million. That will probably be two major
10 hotels and about another fifteen trails. That
11 makes the total seven hundred and fifty million.

12 So Raymond James sees all of this, so
13 it's no problem. We have the margins. We have
14 all the Treasury bills. Everything is working
15 perfect. Everything is working perfect.

16 And get those margins up, it's okay as
17 long as you have the Treasury bill. They allow me
18 only up to ninety percent. I can only take up to
19 ninety percent, but I've never passed that, never,
20 didn't even come close.

21 **Q So if there's a million in one account
22 that's been used to purchase Treasury bills --**

23 A At the general partners. The
24 investors' -- call it the investors' funds.

25 **Q Okay.**

1 on.

2 And then Phase II is the other four
3 hundred and twenty million, which is the West
4 Bowl.

5 **Q And what is that?**

6 A Jay Peak, but to the right side.

7 **Q Okay.**

8 A The West Bowl is the other project.

9 **Q Is that like the Lodge and Townhouses --**

10 A No. No. No. No.

11 **Q For what projects?**

12 A That's for two big hotels and extra ski
13 trails.

14 When they got the permission to build
15 all of this in Vermont, there's a thing called an
16 Act 250.

17 **Q Okay.**

18 A The Act 250 corresponds with the State
19 allowing Vermont, Jay Peak to cut all this land up
20 and to make condominiums and to make hotels and to
21 make roads.

22 **Q Okay.**

23 A Without that, none of this is valid.

24 So the government gave us a big master
25 approval for seven hundred and fifty million,

1 **In the margin account, that will be --
2 you'll have a margin, a loan, what, nine hundred
3 thousand would be the maximum?**

4 A Exactly. That's a good -- it never got
5 that high, but that's an example.

6 **Q Okay.**

7 So -- and you said what the margin
8 account will be used for is to pay for the
9 construction?

10 A Yes, sir.

11 **Q Okay.**

12 A And to pay me, to pay everybody else.
13 And my profits were taken out of there. I used
14 that one bucket. So if you want to see anything
15 about me, what I took or what I spent, go to the
16 margin.

17 **Q Okay.**

18 So, for example, say on the first
19 project, you're saying that you would be owed fees
20 on that first project?

21 A Yes, sir.

22 **Q Okay. And are those the supervision
23 fees that's listed in --**

24 A Construction fees and all -- there's a
25 long list, a schedule for that.

<p style="text-align: right;">Page 70</p> <p>1 Q Okay. Could you take me through the</p> <p>2 different types of fees you would be entitled to</p> <p>3 for each project?</p> <p>4 A I cannot give all of the details. I</p> <p>5 know of the construction fees, supervision fees,</p> <p>6 architectural fees, permitting fees, a lot of</p> <p>7 fees.</p> <p>8 Q Okay. And you say these are the fees</p> <p>9 that would be owed to Q Resorts?</p> <p>10 A At the time of acquisition, it was owed</p> <p>11 to Jay Peak.</p> <p>12 Q Okay. Okay.</p> <p>13 So let's start with --</p> <p>14 A One more thing, so you can understand</p> <p>15 even better. Q Resorts is a company I made. And</p> <p>16 it is the company that owns Jay Peak. I own Q</p> <p>17 Resorts. I own Q Resorts. And that was my</p> <p>18 one-window system. Everything channeled</p> <p>19 through -- for the first two and a half years.</p> <p>20 I'll tell you what happened during that time, but</p> <p>21 that's what happened.</p> <p>22 Q Okay. So Q Resorts was created by you</p> <p>23 to acquire Jay Peak?</p> <p>24 A Yes, sir. And I own Jay Peak. I own Q</p> <p>25 Resorts.</p>	<p style="text-align: right;">Page 72</p> <p>1 Q -- using Q Resorts to purchase Jay Peak?</p> <p>2 MR. GORDON: You don't want to start</p> <p>3 talking about what your lawyers told you because</p> <p>4 that's privileged.</p> <p>5 THE WITNESS: Okay. Okay. Okay. Okay.</p> <p>6 MS. LAMA: Okay. But my question is a</p> <p>7 little bit different. My question is: Why were</p> <p>8 the funds submitted by investors transferred from</p> <p>9 general partner accounts at Raymond James to Q</p> <p>10 Resorts? What was the purpose of that?</p> <p>11 THE WITNESS: The general partners'</p> <p>12 funds to Q Resorts?</p> <p>13 MS. LAMA: Yes.</p> <p>14 THE WITNESS: No.</p> <p>15 MS. LAMA: Okay. Can you clarify?</p> <p>16 THE WITNESS: Yeah. The general</p> <p>17 partners' to the margins. The margins to Q</p> <p>18 Resorts. That's how the money transpired. That's</p> <p>19 how the money for the first two and a half years.</p> <p>20 And I will tell you why the system changed after</p> <p>21 that.</p> <p>22 But for the first two and a half years,</p> <p>23 and just to get the basis, all of the margins went</p> <p>24 to Q Resorts. From Q Resorts, it shot out to --</p> <p>25 you see it through the statements, margins to Q</p>
<p style="text-align: right;">Page 71</p> <p>1 Q You're the hundred percent owner of Q</p> <p>2 Resorts?</p> <p>3 A Yes.</p> <p>4 MS. LAMA: Concerning channeling</p> <p>5 everything through Q Resorts, what was the purpose</p> <p>6 of that?</p> <p>7 THE WITNESS: It was the way it was</p> <p>8 established. It was the way I did it just for</p> <p>9 control, to give it a new name, to give it a new</p> <p>10 identity. And it was advised to my that I should</p> <p>11 do it that way. So I did it that way.</p> <p>12 MS. LAMA: What do you mean a new name</p> <p>13 and a new identity?</p> <p>14 THE WITNESS: Well, Jay Peak is Jay</p> <p>15 Peak, and it was never known as MSSJ. So MSSJ did</p> <p>16 the same thing that I did. I established Q</p> <p>17 Resorts to be the owner of Jay Peak, and that's</p> <p>18 how it is.</p> <p>19 MS. LAMA: Okay.</p> <p>20 THE WITNESS: I don't know</p> <p>21 mathematically why it was that way. The lawyers</p> <p>22 told me it's better to do it that way.</p> <p>23 BY MR. JAMES:</p> <p>24 Q You're referring to --</p> <p>25 A Q Resorts.</p>	<p style="text-align: right;">Page 73</p> <p>1 Resorts, margins to Q Resorts.</p> <p>2 MS. LAMA: And why -- what was the</p> <p>3 purpose of that?</p> <p>4 THE WITNESS: One-window system, so I</p> <p>5 can control and see. I'm only one man. I wanted</p> <p>6 to see through one account where all the money</p> <p>7 went, how did the money flow.</p> <p>8 MS. LAMA: And why not transfer the</p> <p>9 money from the general partner accounts to</p> <p>10 partnerships' operating account?</p> <p>11 THE WITNESS: What's your -- excuse me.</p> <p>12 What's -- what's your name? Address that question</p> <p>13 one more time, but what's your name?</p> <p>14 MS. LAMA: Michelle.</p> <p>15 THE WITNESS: Michelle, you have to</p> <p>16 understand one thing, and please answer that, but</p> <p>17 I want you to know something, because I don't want</p> <p>18 you to think I don't remember these things. If</p> <p>19 you see my accounts, I'm handling four hundred</p> <p>20 accounts, four hundred payouts a month times</p> <p>21 twelve months times seven years. That's over</p> <p>22 thirty thousand accounts -- thirty thousand</p> <p>23 things. So it's very difficult.</p> <p>24 The reason I set up that one-window</p> <p>25 system, that I can be able to see how that money</p>

<p style="text-align: right;">Page 74</p> <p>1 was being left Raymond James. What happened at 2 Jay Peak? I don't know. I have all the lists 3 today. In those first two years, no. I would 4 just send the money, and they would -- and I would 5 see these buildings and these foundations and 6 everything work. I left it alone. That's the way 7 I did it. That's the way I did it. 8 MR. JAMES: Let's take a five-minute 9 break. 10 (Whereupon, at 11:46 a.m., a lunch break 11 was taken.) 12 MR. JAMES: We are back on the record 13 after what initially was a bathroom break, but it 14 evolved into a lunch break. 15 BY MR. JAMES: 16 Q And just to confirm, Mr. Quiros, during 17 our extended break, we did not have any 18 discussions about the case itself? 19 A That's correct. 20 Q Okay. 21 We did talk about a couple of instances 22 at the tail end where I was still formulating my 23 question and you began to answer, so we just 24 reminded you that let's try to wait for me to 25 finish the question, and then you can answer. And</p>	<p style="text-align: right;">Page 76</p> <p>1 A That I know, that is to be correct. 2 Q Okay. 3 I know you did mention that you also 4 assumed some liabilities as part of the purchase? 5 A That's correct. They imposed -- 6 Citizens Bank imposed some debts to be paid and as 7 well as some Canadian bank in Canada, HSBC, if I'm 8 not mistaken, had another debt that we thought we 9 can assume them and go with it with time, but we 10 realized that Chittenden Bank was going under, and 11 they were pushing us very hard to pay these back 12 sooner than later. Just if that helps you 13 understand the tempo. 14 Q Okay. Was the sellers, MSSSI, was it 15 their understanding that the money that you were 16 going to use to acquire Jay Peak was going to come 17 from a third of what you said MSSSI owed to Jay 18 Peak and also the seven, plus million that was 19 going to come from LP I and LP II, was that the 20 sellers' understanding? 21 A I don't know what they understood. I 22 don't know what they understood. I -- I don't 23 know what they understood. I don't know. 24 But it is through their data that we 25 were able to assume what I told you to be correct.</p>
<p style="text-align: right;">Page 75</p> <p>1 again, it happens. So when it does, I'll let you 2 know, and we can restate the question and answer 3 to make sure the court reporter got the full 4 question and the full answer. 5 Now we're back after lunch. I wanted to 6 kind of go back to where we began this morning 7 with your acquisition of Jay Peak from MSSSI. I 8 think you talked about, as I recall and correct me 9 if I'm wrong, that some of the monies that were 10 used for the acquisition, a portion of it was 11 one-third of the purchase price, you said, was 12 owed by MSSSI to Jay Peak, and then you said the 13 seven million was owed by the LP to Jay Peak. 14 Do you recall that testimony? 15 A Yes. The LPs of Jay Peak I and II. 16 Q Okay. So LP I and LP II owed, 17 approximately, seven million to Jay Peak, Inc.? 18 A More than that, but, yes. 19 Q Okay. 20 Any other amounts or monies went into 21 what was sent to MSSSI for the acquisition besides 22 that one-third that was owed by MSSSI and the 23 seven, plus or so million that was owed by LP I 24 and LP II, all of which was owed to Jay Peak, 25 Inc.?</p>	<p style="text-align: right;">Page 77</p> <p>1 It is their data. I don't know my -- if they 2 understood truly what the EB-5 program was all 3 about, between you and me. 4 Q And by they, you're referring to MSSSI? 5 A Yes, sir. 6 Q Okay. 7 But at that point in time, they had 8 already started LP I and LP II? 9 A Oh, yeah. They got all the MOUs. They 10 got all the designs. They got all the permits. 11 They got all the land. All of those things they 12 already had when I acquired -- when I acquired Jay 13 Peak. 14 Q Give me one second. 15 MR. JAMES: Let me mark a document. 16 (SEC Exhibit No. 106 was 17 marked for identification.) 18 BY MR. JAMES: 19 Q Let me hand you what has been marked as 20 Exhibit 106. And I'll hand it to you now, but 21 you'll see that it appears to be an email, dated 22 June 18th, 2008. And it's from Alwynn Gillett, 23 that's G-I-L-L-E-T-T, to Joel Burstein, and it 24 cc's a number of individuals, including 25 a.quiros@att.net. I'm assuming that's your email</p>

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1 address?

2 A Yes, sir.

3 Q Okay.

4 And it also cc's, and I won't list

5 everyone, but it's bstenger@jaypeakresort.com, and

6 wkelly@mindspring.com. Is that Mr. Stenger's

7 email address?

8 A No.

9 Q Well, what's Mr. Stenger's -- sorry, I

10 gave you to two email addresses. The first one,

11 bstenger@jaypeakresort.com.

12 A That's Bill Stenger.

13 Q Okay.

14 And wkelly@mindspring.com.

15 A That's my -- the lawyers that -- he --

16 at that time, he was the lawyer that was closing

17 on the deal.

18 Q Okay.

19 Who's fburgess@burgess.com?

20 A The other lawyers that were closing on

21 the deal.

22 Q And Ms. Gillett, do you know who that

23 is?

24 A No.

25 Q Okay. All right.

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1 The letter attached is the letter. If

2 you take a look at that. And, again, that's

3 Exhibit No. 105. I'll give you a copy. 106.

4 Sorry.

5 Have you had a chance to review Exhibit

6 106?

7 A Yes, sir.

8 Q Have you seen this email and the

9 attachment before?

10 A Yes, sir.

11 Q Okay.

12 Tell me about this email and the

13 attachment.

14 MR. GORDON: What about it?

15 BY MR. JAMES:

16 Q Tell me what do you recall? What was

17 the purpose behind the email?

18 A In most simplest format, they didn't

19 want -- they didn't want to use -- they didn't

20 want these funds to be used for anything until

21 after I acquired Jay Peak.

22 Q Okay.

23 A That was the intent of this thing.

24 Q Okay.

25 Let me ask you to turn to the second

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1 page.

2 A Yes.

3 Q So as a reference, it's an email from

4 Ms. Gillett to Mr. Burstein and it cc's yourself,

5 and then it attaches a letter. And the attached

6 letter on the second page of the exhibit is dated

7 June 18th, and it's directed to Mr. Burstein, and

8 it's also from Ms. Gillette on behalf of Spiegel

9 Sohmer.

10 Do you see that?

11 A Yes.

12 Q Okay.

13 If you could go to the fourth paragraph

14 where it says, "The funds currently in account

15 number 0698 belong to the Jay Peak Hotel

16 Suites, Limited Partnership."

17 Do you see that?

18 A Yes, sir.

19 Q It goes on to say, "These funds were

20 invested by immigrant investors in this limited

21 partnership and must be held and/or used strictly

22 in accordance with the limited partnership

23 agreement, a copy of which I understand has

24 already been provided to you."

25 Do you see that?

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1 A Yes, sir.

2 Q Okay.

3 Was that you're understanding that --

4 A Yes, sir.

5 Q Okay.

6 And then it goes on to say, "You

7 confirmed that these funds will not be used in any

8 manner, including as collateral or a guarantee to

9 finance the purchase the Jay Peak Resort."

10 Do you see that?

11 A That's correct.

12 Q Okay. Was that your understanding,

13 also?

14 A Yes, sir.

15 Q Okay.

16 And did that occur? Do you know whether

17 or not you used the funds as a collateral or a

18 guarantee to finance your purchase of the Jay Peak

19 Resort?

20 A I didn't.

21 Q You did not?

22 A Yeah.

23 Q Okay.

24 So the funds --

25 A And I'll tell -- I'll tell you how to

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1 interpret that.

2 **Q Okay. How you would interpret this?**

3 A Yes.

4 **Q Okay. Go ahead.**

5 A What we made them do at the time of

6 closing, I didn't believe that they had these

7 funds in these accounts. I didn't believe it.

8 Bill Stenger told me. Other men also told me. But

9 I didn't believe it. I said the only way that I'm

10 going to be able to believe you, you're going to

11 have to open up your own account at Raymond James.

12 **Q And this is what you told MSSI?**

13 A So they proceeded and opened up -- Louis

14 Dufour, Louis Four (sic), Bill Stenger, at that

15 time, Bill Stenger was still on MSSI's team, you

16 guys open up the account at Raymond James and show

17 me, prove to me that these funds are here.

18 So I waited. They opened up the account

19 at Raymond James. So I never used this account. I

20 told them I'm not going to use this account.

21 **Q When you say this account, you're**

22 **referring to?**

23 A This, --

24 **Q 4698?**

25 A Yes.

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1 **Q The account referenced in Exhibit No --**

2 A The 98 account, I will not use. That is

3 your account. I'm not touching that account. But

4 at the time of closing, I will then use those

5 funds.

6 So then we shifted, made two new

7 accounts we have. And then, simultaneously, I

8 bought Treasury bills immediately, simultaneously

9 put it in -- took out a margin, took what was my

10 money at that time, strictly my money, used those

11 funds as part of the payment to pay and to

12 purchase Jay Peak. That's exactly how it

13 occurred.

14 **Q Okay.**

15 What I'm going to do, I'm going to walk

16 you through the transaction, and we're going to

17 get to a point in time where we're going to be

18 looking at dollar amounts that were wired to MSSI,

19 and I'll ask you at that point to identify to me

20 what portion of that money was your money, and

21 then tell me why you believe that that was your

22 money. Okay?

23 A Yes, sir.

24 **Q Okay.**

25 All right. So just going back to

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1 **Exhibit 106. So paragraph four talks about that**

2 **the monies in that account, which at that time is**

3 **Spiegel Sohmer's -- it's MSSI's account,**

4 **basically, saying that it will not be used in any**

5 **manner, including as collateral or guarantee to**

6 **finance your purchase of the Jay Peak Resort.**

7 **If you go down to number five, same**

8 **exhibit, paragraph five is now talking about funds**

9 **that are in their Phase II account for the LP II**

10 **project.**

11 A LP II project.

12 **Q Okay. And if you read along with me, it**

13 **says, "Similarly, any funds received from**

14 **investors in connection with Phase II of the Jay**

15 **Peak EB-5 project are subject to restrictions as**

16 **to their use and investment."**

17 **And the last sentence says, "Once again,**

18 **these funds may not be used in any manner,**

19 **including as collateral or guarantee to fund the**

20 **purchase of the Jay Peak Resort." So -- and this**

21 **is dated June 18th, 2008.**

22 **So as of this date, the direction of the**

23 **seller, MSSI, who still has control of these**

24 **monies, is that they should not be used by you in**

25 **connection with the purchase of Jay Peak. You**

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1 **would agree that that's what this letter says?**

2 A Yes, sir. Exactly. Yes, sir. Yes,

3 sir.

4 **Q Let me show you what has been previously**

5 **marked as Exhibit No. 23, that's 2-3. And take a**

6 **couple of minutes and read that over and let me**

7 **know when you're done.**

8 **Have you had a chance to review Exhibit**

9 **No. 23?**

10 A Yes, sir.

11 **Q Have you seen that email before?**

12 A No.

13 **Q Okay. But you do see that it's a June**

14 **18th, 2008 email from Janice Naymark?**

15 A Yes.

16 **Q And she has this Spiegel Sohmer email**

17 **address, and it's directed to a number of**

18 **individuals including yourself, Mr. Burgess, Mr.**

19 **Kelly that you referenced earlier, and Mr.**

20 **Burstein, who's your representative at Raymond**

21 **James, at least your contact at Raymond James.**

22 **Do you see that?**

23 A Yes, sir.

24 **Q Okay.**

25 **If you go down -- and in this email,**

<p style="text-align: right;">Page 86</p> <p>1 she's talking about the Jay Peak limited 2 partnerships, the LP I, and the LP II, 3 specifically the amounts of investor funds that 4 are currently in those accounts. 5 Do you see those references? 6 A That's correct. That's correct. 7 Q Okay. 8 So if you start with paragraph one, and 9 I'll read a portion of it just for the court 10 reporter's benefit. It says, "All Phase I 11 subscriptions provided, that the investment money 12 would be held in escrow account at the Chittenden 13 until USCIS approval was approved. At which time, 14 the money would be transferred automatically to 15 the partners' account." 16 Is that what you talked about earlier 17 where you said it would be held at Chittenden 18 Bank, and once the 526 is approved, then it's 19 transferred to be used for construction of the 20 project? 21 A Yes, sir. 22 Q Okay. 23 And it says, "The money transferred from 24 the escrow account into the partnership account to 25 date is there, approximately, eleven million wired</p>	<p style="text-align: right;">Page 88</p> <p>1 the partnership as soon as the subscriptions are 2 accepted." 3 Do you see that, also? 4 A Yes. 5 Q Okay. 6 So, essentially, according to this email 7 directed to you on June 18th, 2008, the seller has 8 transferred the monies over to Raymond James. And 9 according to this email, there's eleven million 10 dollars in the Raymond James LP I account, and 11 there's seven point six million dollars in the 12 Raymond James LP II account, all of which are 13 investor funds that were transferred over from 14 Chittenden Bank. 15 A Yes. I'd like to make something clear 16 about this. 17 Q Please. 18 A During the time of this, I was traveling 19 back and forth from MSSI to Jay Peak. 20 Q Okay. 21 A So when I say I don't -- I didn't see 22 this letter is because visually I didn't see this 23 letter, but the way you just explained to me was 24 told to me by phone. 25 Q Okay. I appreciate that.</p>
<p style="text-align: right;">Page 87</p> <p>1 to the Raymond James account over the last couple 2 of days." 3 So earlier you testified -- at least 4 shortly ago, that your instruction was for them to 5 transfer the money to Raymond James, so you could 6 see evidence of these investor funds? 7 A That's correct. 8 Q Okay. 9 So according to Ms. Naymark, who appears 10 to be a representative for this seller, they're 11 saying they did that, and in that account, there's 12 eleven million dollars in investor funds? 13 A That's correct. 14 Q Okay. 15 If you look at paragraph three, it, 16 basically, says, "The amount held in a Phase II 17 account, which represents the over-subscription 18 from Phase I, is, approximately, seven point six 19 million dollars." 20 Do you see that? 21 A Yes, sir. 22 Q Okay. 23 So this one says, "The Phase II offering 24 memorandum does not include an escrow requirement, 25 as per Phase I, so that the money will belong to</p>	<p style="text-align: right;">Page 89</p> <p>1 A Okay. Just to be very clear. It was 2 the highlight of the whole negotiation with me 3 because I was able to validate that there was 4 money at MSSI for the EB-5 program. It was what 5 really made me feel the best of all of the time, 6 because it was for real that they really did have 7 this money. 8 Q Okay. 9 A Also, there is one part of this that I 10 don't like and I ordered it that it will not 11 occur, because Raymond James made it very strict 12 to me that they don't want -- they do not want to 13 handle any non-escrow money. In other words, they 14 want to verify. 15 And the reason they accepted to work 16 with me was because I had put that buffer zone of 17 those ninety to a hundred and twenty days to make 18 sure that all of the investors, their source of 19 funding, who they are, all their documentation was 20 in perfect order. 21 So despite the fact that -- and I'll 22 tell you later why that happened the way it 23 happened. One clause there that I didn't follow. 24 I ordered that regardless of the subscription 25 agreement, I want all the monies to be held at the</p>

<p style="text-align: right;">Page 90</p> <p>1 Chittenden Bank and continue the procedure of 2 escrowing the money to verify that that particular 3 person is ready to go. Because once he invests, 4 it is now my money. It is totally my money in 5 accordance to all the SEC lawyers, according to 6 all the writings in these agreements, that's what 7 was told, that's what was said.</p> <p>8 But Raymond James said they will never 9 handle escrow money, so take that out of the Ouija 10 board. So at the tenth hour, minutes before the 11 closing, you know, I -- oh, no, no, no, don't 12 worry.</p> <p>13 So I just wanted you to know that even 14 though they thought the money can fly down, I kept 15 it at Chittenden bank until it cleared, and then 16 the funds came down.</p> <p>17 Q And just to clarify, when you said just 18 now, and correct me if I'm wrong, that once -- you 19 know, you wanted it still to remain at Chittenden 20 just to confirm that there's no source of fund 21 issues, there's no -- and at that point, once 22 that's all confirmed, it's now, I think you said, 23 my money. When you said -- you mean at that 24 point --</p> <p>25 A Jay Peak.</p>	<p style="text-align: right;">Page 92</p> <p>1 you where the seven million appeared that they 2 owed us, they owed Jay Peak. That's where it 3 appeared.</p> <p>4 In their schedule, they show that they 5 owed us seven and something million dollars, plus, 6 plus, plus. That was there. That's their doing. 7 That's their saying. So --</p> <p>8 Q But why are they -- if that's --</p> <p>9 A If you ask me the question, I cannot 10 answer why they did not continue with the EB-5 11 program. It was a very good program at that time.</p> <p>12 And the reason they're talking about the 13 additional money, even though we separated, 14 because I have a schedule that separates that 15 eleven million to Jay Peak I, Jay Peak II, there 16 were so many people around the world that invested 17 so fast, so quickly, that we had an additional 18 seven point something million. That's what she's 19 talking about, because -- and I said no.</p> <p>20 Q The seven point six million?</p> <p>21 A Yes.</p> <p>22 Q Okay.</p> <p>23 A I don't know if it was exactly that 24 number. It looks to be correct. It sounds to be 25 correct, if I recollect correctly.</p>
<p style="text-align: right;">Page 91</p> <p>1 Q Jay Peak. Okay.</p> <p>2 And but it's Jay Peak's money in the 3 sense that now Jay Peak uses that money for the 4 construction of that specific project?</p> <p>5 A Yes. For all the fees -- for all the 6 fees that are owed to the sponsor company, 7 Quiros -- Jay Peak, and for all the fees that are 8 needed to the vendors to construct the project. It 9 is through that source that I'm allowed to draw a 10 certain amount of percentage for the work that's 11 applied by us to oversee -- think of it like a 12 steward to this whole program.</p> <p>13 Q Okay.</p> <p>14 So do you know in this instance -- and 15 I'm a little bit off track, which is why -- do you 16 know in this instance --</p> <p>17 A I'm so sorry.</p> <p>18 Q No. No. That's fine.</p> <p>19 Do you know in this instance what -- are 20 you saying that Jay Peak, and, therefore, Q 21 Resorts, at some point owns a portion of the money 22 that comes into the investors?</p> <p>23 A Yeah. According to MSSI, according to 24 MSSI, and according to their schedules of 25 documents that they gave us, that's where I told</p>	<p style="text-align: right;">Page 93</p> <p>1 Q Okay.</p> <p>2 But at this point in time, and let's 3 focus on Phase II, seven point six, has any 4 construction commenced on Phase II?</p> <p>5 A Oh, yeah, lots.</p> <p>6 Q What was constructed at that point in 7 time?</p> <p>8 A I will have to speak to my engineers to 9 tell me that question. But as a way to 10 understand -- the way I understand it, so try to 11 understand it the way I'm trying to understand it, 12 it's all within a couple of acres of land, all in 13 one central area. So if you lay down pipe on one 14 side, it automatically jumps into the other side. 15 So work had already started in preparation of the 16 land of the other side. If you laid foundation, 17 it was the same basis to the other foundation, 18 because it was all within that close proximity, 19 all within three and a half acres.</p> <p>20 So imagine all of this being built, 21 three and a half acres in Miami, six homes, all of 22 this being built, so whatever we did here was 23 being done here. Whatever was being done here had 24 to be done here.</p> <p>25 So that's why I tell you the correct way</p>

1 to look at this scenario, the way I look -- not
2 the correct way, my way of me looking at this was
3 that the Phase I program, Jay Peak I, II, III, IV,
4 V, and VI is one phase. It was all built in the
5 same proximity, in the same place.

6 So if we lay down pipe in order to get
7 that hotel up, we had to go through the
8 preconstruction of Phase II and preconstruction of
9 Stateside and preconstruction, because it's all
10 going through. There is where I address it to you
11 that construction had already started.

12 Q Okay. But each of the projects, each of
13 the LPs have their own separate group of
14 investors? So the investors in LP I, they
15 invested I think seventeen million. And the
16 investors in LP II, I think they invested -- I
17 forgot the exact amount. But that's -- there's no
18 overlap? These are completely separate investors,
19 separate investor funds for a separate purpose?

20 A Yes. That's correct. Each -- that's
21 correct. Because each one of them got a different
22 asset. Each one had a different asset. But to
23 realize that into the construction, impossible. It
24 could never have been done.

25 You had to -- that's why the master plan

1 was issued, because it's truly one program within
2 one resort. And I know, for example, Jay Peak I
3 is three hundred feet -- two hundred feet in front
4 of Jay Peak II. So whatever we did here, we had
5 to preconstruct to build Jay Peak II. It was all
6 going up in that fashion. And all the
7 preparations were being done in that fashion.

8 MR. JAMES: Let me mark this next
9 exhibit, which is going to be 107.

10 (SEC Exhibit No. 107 was
11 marked for identification.)

12 BY MR. JAMES:

13 Q Just so we finish up with Exhibit 23. So
14 this and Exhibit 23, we have eleven million for
15 Phase I investor monies being transferred by MSSSI
16 from the Chittenden account over to a Raymond
17 James account. And then we have seven point six
18 million being transferred from Chittenden over to
19 Raymond James for the Phase II investor account.
20 Again, these accounts are still --

21 A Oh --

22 Q Let me finish. Sorry.

23 These accounts are still in the name of
24 MSSSI at Raymond James; is that correct?

25 A (The witness nods head.)

1 Q All right. And just to clarify, the
2 seven point six million that's referenced in
3 Exhibit 23 is, basically, what they're saying --
4 MSSSI is saying is the investor monies that are
5 currently in the Chittenden account, and that's
6 what you're asking to see proof of.

7 A Yes, sir.

8 Q Okay. All right.

9 Let me know show you Exhibit No. 107.
10 Again, take a look at that and let me know when
11 you're finished.

12 Okay. Have you seen Exhibit 107 before,
13 Mr. Quiros?

14 A This particular statement, yes.

15 Q Okay.

16 And then let me just for the record,
17 this appears to be a Raymond James statement. It's
18 a total of four pages. The first page ends with
19 Bates number 1336. And the last page is 1339, if
20 you look at the bottom right-hand corner. And if
21 you look at the account number on the first page,
22 it says 0698.

23 Do you see that?

24 A Yeah. Yes, sir.

25 Q And staying with that exhibit, on the

1 front of that exhibit, do you see where it says,
2 Beginning Balance, and it says, Deposits, and you
3 come across, it has an eleven million dollar
4 entry? Do you see that?

5 A Yes, sir. Yes, sir.

6 Q And if you flip to page three of four,
7 which is Bates 1338, you'll see the wires that
8 makes up that eleven million. It's one wire for
9 eight million on June 16th, 2008, and then a
10 second wire for three million on June 17th, 2008.
11 And the first for eight million, if you go across
12 to the additional detail, it says, "In wire from
13 Chittenden Trust Company." I think we can agree
14 that's Chittenden Bank. And then the three
15 million also has, "In wire, Chittenden Trust
16 Company," and, again, what appears to be
17 Chittenden Bank.

18 Do you see those two incoming
19 transfers?

20 A Yes, sir.

21 Q Okay.

22 Would you agree that that appears to be
23 the eleven million that MSSSI transferred from
24 Chittenden over to this new account at Raymond
25 James?

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1 A Yes, sir.

2 Q Okay.

3 So, again, we're still dealing with the

4 eleven million for the Phase I investor funds?

5 A Phase I.

6 MR. JAMES: If you can mark this next

7 exhibit for me, please.

8 (SEC Exhibit No. 110 was

9 marked for identification.)

10 BY MR. JAMES:

11 Q Let me hand you what has been marked as

12 Exhibit 110, 1-1-0. And that appears to be a wire

13 transfer report from Raymond James, incoming

14 wires. And if you look at the first page, you

15 should see that eleven million, the last two

16 entries on that first page. The first one, if you

17 look in the middle where it says, Amount, is that

18 eight million that we just saw. And the second

19 one, is that three million for a total of eleven

20 million?

21 A Yes, sir.

22 Q Okay.

23 And just for completeness, if you look

24 at the column that has Raymond James account. As

25 you can see those numbers, 0698. Do you see

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1 that account number?

2 A Yes, sir.

3 Q That matches up with the account

4 statement we just looked at as Exhibit 107.

5 Okay. So this, in these two exhibits,

6 we see that eleven million being transferred over

7 to the new MSSJ account.

8 Okay. And I think you stated earlier

9 that at that point in time your purpose was to be

10 able to see that these investor monies existed, so

11 now they're in the Raymond James account?

12 A Yes, sir.

13 Q Okay. And I assuming you were made

14 aware of these monies by MSSJ once they were

15 transferred?

16 A Yes, sir.

17 MR. JAMES: Mark this one for me,

18 please.

19 (SEC Exhibit No. 111 was

20 marked for identification.)

21 BY MR. JAMES:

22 Q I'm going to hand you what has just been

23 marked as Exhibit 111. If you would take a look

24 at that. It's an email with an attachment. The

25 email is from a Marielle Laplante to a Joel

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1 Burstein. The date is June 16th, 2008. And it

2 says, "Subject: Wire Transfer from Chittenden to

3 Raymond James."

4 Do you see that?

5 A Yes, sir.

6 Q Okay.

7 And as you see, the attachment to that

8 email, which is a part of this exhibit, is

9 actually that wire transfer request that's coming

10 from the MSSJ sellers to Chittenden, basically,

11 saying, "Please find enclosed the wire transfer

12 agreement duly signed by Louis Dufour and Louis

13 Hebert concerning the eight million to be

14 transferred to Raymond James."

15 So this appears to be a wire transfer

16 for a portion of that eleven million, the eight

17 million component.

18 A Okay.

19 Q Okay.

20 So based on this series of exhibits, we

21 just see that the money begins at Chittenden Bank

22 investor funds for LP I, and essentially were

23 transferred over to Raymond James and are now

24 residing in this Jay Peak Hotel Suites account at

25 Raymond James, the total of eleven million?

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1 A Yes, sir.

2 Q Okay.

3 Let's talk a little bit about the Phase

4 II. And in the exhibit I showed you, that's where

5 that seven point six million was referenced as the

6 amount of investor funds that were currently in

7 the Chittenden Bank Phase II accounts?

8 A Yes, sir.

9 Q Okay.

10 And like the eleven million, your

11 testimony is that your request was that that

12 money — at least the investor money be

13 transferred over to Raymond James, so you can see

14 proof that this investor money did exist?

15 A Yes, sir.

16 Q Okay.

17 MR. JAMES: Mark this, please.

18 (SEC Exhibit No. 112 was

19 marked for identification.)

20 BY MR. JAMES:

21 Q I'm going to hand you what has been

22 marked as Exhibit 112, which appears to be a June

23 17th, 2008 email from Mr. Joel Burstein to

24 yourself at your a.quiros@att.net email account.

25 And the attachment to it says, "Jay Peak Hotel

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1 Suites II documents to PDF and Jay Peak Hotel
 2 Suites II documents point PDF."
 3 Do you see that?
 4 A Yes, sir.
 5 Q Okay.
 6 And this appears to be Mr. Burstein is
 7 forwarding to you an email he received probably
 8 one second before from that same person we saw,
 9 Ms. Gillett, the representative for the sellers.
 10 And in that email, she says, "At the request of
 11 Bill Stenger, we have opened another MSSSI-owned
 12 Jay Peak Hotel suites account for Phase II
 13 assets."
 14 Do you see that?
 15 A Yes, sir.
 16 Q Okay.
 17 And it, basically, goes on to say, "I've
 18 attached the paperwork to be signed by Mr. Hebert
 19 and Dufour." And then it says the account number
 20 for Phase II is [REDACTED] 6389.
 21 Okay. So, again, as we saw with Phase
 22 I, this email for Phase II, basically, is
 23 demonstrating or what you testified to is that the
 24 sellers transferred those investor funds over to
 25 Raymond James accounts, which were still held in

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1 their name. And according to you, that was done
 2 so you could see proof that investor funds
 3 existed?
 4 A Yes.
 5 MR. JAMES: Mark this one, please.
 6 (SEC Exhibit No. 113 was
 7 marked for identification.)
 8 BY MR. JAMES:
 9 Q I'm going to hand you, Mr. Quiros, what
 10 has been marked as Exhibit 113. And, again, this
 11 is another email, and this is from Edward Carroll
 12 to Mr. Bill Stenger, and it cc's a number of
 13 individuals, including yourself and Mr. Burstein.
 14 And the subject is, "Phase II Use of Funds." And
 15 it's dated June 18th, 2008.
 16 Again, this is all around the time of
 17 the closing of your purchase of Jay Peak, correct?
 18 A Yes, sir.
 19 Q So take your time. Read the letter. Let
 20 me know when you're finished.
 21 A Yes, sir.
 22 Q Okay. Have you seen this email before?
 23 A Yes, sir.
 24 Q Okay.
 25 Mr. Carroll, who's that?

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1 A The SEC lawyer.
 2 Q Okay.
 3 And if you go to what's the third
 4 paragraph in this exhibit, it says, "I understand
 5 that funds paid to date by investors will be
 6 placed in an income-producing account and will not
 7 be used for any purpose, except for development of
 8 the Phase II project."
 9 Do you see that?
 10 A Yes, sir.
 11 Q Okay. So, again, like what we saw with
 12 Phase I, the money is being transferred over from
 13 Chittenden to Raymond James by MSSSI. It's still
 14 being retained by MSSSI at Raymond James. But,
 15 again, we see a letter this time from counsel for
 16 Jay Peak confirming, again, that the monies are
 17 investor monies and also that it could not be used
 18 for any purpose, other than development of the
 19 Phase II project.
 20 Do you see that?
 21 A That's correct.
 22 Q And where it says income-producing, is
 23 that what you're talking about as far as buying
 24 Treasury bills?
 25 A Yes, sir. There was a lot of -- there

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1 was a lot of talk, that everybody thought I could
 2 buy some stocks and buy things like this during
 3 this time. And that was not the case.
 4 Q That whether you could or could not buy
 5 stock?
 6 A Yeah. They wanted -- everybody wanted
 7 me to, you know, use the money for stocks or buy
 8 mutual funds and, you know, all that array of
 9 garbage.
 10 Q Okay.
 11 A And that's why they -- at least, can we
 12 get some interest?
 13 Q And, ultimately, you said you decided to
 14 do the Treasury bills instead?
 15 A Well, yeah. I had no choice.
 16 MR. JAMES: Mark this one.
 17 (SEC Exhibit No. 114 was
 18 marked for identification.)
 19 BY MR. JAMES:
 20 Q I'm going to hand you and Mr. Gordon
 21 what has been marked as Exhibit 114, which appears
 22 to be a Raymond James investment account statement
 23 summary. It's dated June -- for the period of
 24 June 17th to June 30th, 2008. And the account
 25 number is [REDACTED] 6389. And the account holder or

<p style="text-align: right;">Page 106</p> <p>1 this account name says, Jay Peak Hotel Suites, LP, 2 Jay Peak Management, Inc. Partner. 3 Do you see that on Exhibit 114? 4 A Yes, sir. 5 Q Okay. Do you also see, we're still on 6 the first page, the seven million deposit? Do you 7 see that seven million entry? 8 A Yes, sir. 9 Q Okay. 10 And if you turn to the third page, 11 you'll see that that seven million that was 12 reflected on the first page came into this account 13 on June 20th, 2008. And in the additional detail 14 it says "In wire from Chittenden." 15 Do you see that? 16 A Yes, sir. 17 Q Okay. 18 So like we saw with Phase I, this 19 appears to be the seven million that MSSI 20 transferred from Chittenden -- and, again, this is 21 investor funds, to this new account at Raymond 22 James for the Phase II limited partnership. Do 23 you see that? 24 A That's correct. 25 Q Okay.</p>	<p style="text-align: right;">Page 108</p> <p>1 of which is attached, I, hereby, instruct Raymond 2 James to re-title all accounts that are in the 3 name of the Jay Peak, Inc., including Jay Peak 4 Hotel Suite, LP I and Jay Peak Hotel Suite, LP II, 5 and immediately transfer control and title to Q 6 Resort, Inc." 7 Do you see that? 8 A Yes, sir. 9 Q Okay. Have you seen this letter before? 10 A Yes, sir. 11 Q Okay. 12 And this letter effectively Mr. 13 Stenger's instructing Raymond James to re-title 14 the LP I, LP II account to the control and 15 ownership of Q Resorts? 16 A That's correct. 17 Q Were you aware of this letter? 18 A Yes, sir. Yes, sir. 19 Q Okay. 20 And these are two accounts that we just 21 discussed that were MSSI accounts that contained 22 the eleven million, the seven million that was 23 transferred over from Chittenden Bank? 24 A That's correct. 25 Q Okay. So at this point in time, Raymond</p>
<p style="text-align: right;">Page 107</p> <p>1 (SEC Exhibit No. 115 was 2 marked for identification.) 3 BY MR. JAMES: 4 Q Let me hand you what has been marked as 5 Exhibit 115. 6 Have you seen Exhibit 115 before? 7 A Yes. 8 Q What is it? 9 A It was the closing statement with MSSI. 10 Q Okay. We'll come back to this in a 11 little bit. But if you could turn to the third 12 page, the one that has the June 23rd Jay Peak 13 letter to Raymond James. The Bates number at the 14 bottom is SEC-RJA-E-0006489. 15 Do you see that letter? 16 A Yes. 17 Q Okay. And, basically, what this appears 18 to be is Mr. Stenger, as in Bill Stenger, 19 President of Jay Peak, Inc., is sending this 20 letter to Joel Burstein at Raymond James. And, 21 basically, it says -- and it's pretty short, so I 22 can read it for the record. It says, "Pursuant to 23 unanimous corporate vote executed by the Board of 24 Directors of Jay Peak, Inc., corporation, in 25 parenthesis in quotes, on June 20th, 2008, a copy</p>	<p style="text-align: right;">Page 109</p> <p>1 James is being told to now have those funds turned 2 over to your control? 3 A That's correct. 4 Q And what was the thought behind it? Why 5 was that done? 6 A Why was -- 7 Q Why were the accounts now being 8 re-titled or at least the money being turned over 9 to you? 10 A Because I'm going to acquire now Jay 11 Peak. I agreed to purchase Jay Peak. 12 Q Okay. 13 So now -- so in that fashion, you now 14 are what, given control of the investor funds? 15 A That's correct. 16 Q And the concept is that you're now going 17 to be overseeing the payment of the construction 18 of LP I and LP II? 19 A Yes, sir. So it follows up to my 20 previous talk to you when I told you that's when I 21 decided to purchase the resort. 22 Q Okay. 23 I just have a couple more, and then 24 we'll circle back. 25 MR. JAMES: Mark this one.</p>

1 It's a little bit more than this, just
 2 for the record. This is only represents like
 3 thirteen something. It's about sixteen million
 4 that I remember that they owed me at that time.
 5 BY MR. JAMES:
 6 **Q And that's from the fees on LP I?**
 7 A LP I and LP II. They haven't paid for
 8 the land. Remember, nobody has done anything
 9 because MSSI did not do anything. They did not
 10 take out anything at all.
 11 And I was told at this time that the
 12 numbers were somewhere around sixteen to seventeen
 13 million. I consumed about thirteen million.
 14 That's what it was exactly.
 15 **Q So do you have that MSSI document**
 16 **that --**
 17 MR. GORDON: You do.
 18 THE WITNESS: You do.
 19 MR. GORDON: You do. We gave it to you.
 20 MR. JAMES: It's been produced?
 21 MR. GORDON: Uh-huh. You have them.
 22 THE WITNESS: Yes, sir.
 23 BY MR. JAMES:
 24 **Q And when it says -- does that schedule**
 25 **say, okay, well, this amount is from supervision**

1 **fees from this project, and this amount is from**
 2 **XYZ from this project? Is that the detail in this**
 3 **schedule?**
 4 A Yes, sir. Yes, sir.
 5 **Q And what amount of the seven point six?**
 6 **You're saying the entire amount is your money?**
 7 A Yes. Yes.
 8 **Q And the six million, same thing, you're**
 9 **saying that entire amount is --**
 10 A Yes. Yes, sir. Yes.
 11 **Q And so when do --**
 12 A More. This is wrong. This should be
 13 more, because at this point, they owed me around
 14 sixteen million something. I only consumed
 15 thirteen.
 16 **Q So why would MSSI, through their**
 17 **lawyers, prior to and during the closing say in**
 18 **different ways that this money cannot be used by**
 19 **you for --**
 20 A Because --
 21 **Q Let me finish -- for the acquisition,**
 22 **whether as collateral or a guarantee or direct**
 23 **payment? Go ahead.**
 24 A I stated before, I don't believe they
 25 understood what is EB-5, me personally. That's

1 number one. But they have a crack lawyers up
 2 there. They had about fourteen lawyers up there.
 3 So they must know what they're doing, because
 4 their office and everything else represents that.
 5 When they talk about that particular
 6 question that you just asked, it means their
 7 personal account that they opened the accounts to,
 8 which is the MSSI accounts.
 9 **Q Did you ever respond in writing anywhere**
 10 **to MSSI saying, oh, well, actually this is the**
 11 **money that is owed to Jay Peak, and we, therefore,**
 12 **will use this --**
 13 A No need. I bought the company. It's my
 14 company. At the time of this transaction, it was
 15 my company. I had already signed all the closing
 16 documents. From that second, it is my
 17 responsibility. It is now my company.
 18 I did that. I made sure that the funds
 19 will go in, because I didn't believe them. And,
 20 number two, once the funds were there now in the
 21 new owner's hand, which is Ariel Quiros and Q
 22 Resorts and Jay Peak, now I can do whatever I
 23 want.
 24 So it is the reason why I tell you I
 25 don't know if they understood about the EB-5

1 program, because they, basically, left that much
 2 money on the table.
 3 **Q Well -- or they understood it to be**
 4 **investor funds and not profits or fees.**
 5 A No, not so, because somebody had to pay
 6 for the preparation of the EB-5 program. Each
 7 time I do an EB-5 program, it costs millions and
 8 millions of dollars.
 9 **Q But how it works, isn't each project has**
 10 **the offering document that lays out specifically**
 11 **how each dollar that's raised by investors is to**
 12 **be used?**
 13 A Read. It's perfectly and clearly stated
 14 exactly, because we had many interpretations,
 15 especially from the SEC lawyers, who have made it
 16 very clear.
 17 **Q And what was that?**
 18 A That I had my administrations, my
 19 supervision fees, construction fees, land sale
 20 fees. There were many fees that were -- that they
 21 owed me at that time.
 22 MS. LAMA: And by they, who is they?
 23 THE WITNESS: MSSI.
 24 BY MR. JAMES:
 25 **Q So, for example, so the Phase I project,**

<p style="text-align: right;">Page 130</p> <p>1 and I'm going to show you what has been marked as</p> <p>2 Exhibit 28, the Phase I project raised seventeen</p> <p>3 point five million from investors. Do you recall</p> <p>4 that to be the number?</p> <p>5 A That's correct.</p> <p>6 Q Okay.</p> <p>7 And I'm going to hand you exhibit No.</p> <p>8 20. I'm just going to go along just because I</p> <p>9 don't have an extra copy. And it also lists on</p> <p>10 here a number of fees. Take a look at that, and</p> <p>11 let me know once you're finished.</p> <p>12 MR. GORDON: After you go through this,</p> <p>13 can we just take a quick bathroom break?</p> <p>14 MR. JAMES: Yeah.</p> <p>15 THE WITNESS: I have -- I have not seen</p> <p>16 this document, number one, in this way. I know</p> <p>17 where it is, and I know what you're showing me.</p> <p>18 BY MR. JAMES:</p> <p>19 Q Okay.</p> <p>20 A But there is more documents to this</p> <p>21 document.</p> <p>22 Q All right. Well -- and we'll see what</p> <p>23 else we can locate, but hold on to it. I have an</p> <p>24 extra copy.</p> <p>25 MR. GORDON: Can we just take a</p>	<p style="text-align: right;">Page 132</p> <p>1 correct?</p> <p>2 A That's correct.</p> <p>3 Q Okay.</p> <p>4 So this Exhibit 20, it has, from what I</p> <p>5 can tell and you tell me if you see any</p> <p>6 additional -- but I see two entries for fees. One</p> <p>7 says, developer fees, fifteen percent. Another</p> <p>8 one says, contingencies, five percent.</p> <p>9 What's the developer fee, if you know?</p> <p>10 A I would have to see. I don't know. I</p> <p>11 can get you the answer. I don't know.</p> <p>12 Q Okay. But like I said, do you know</p> <p>13 whether that's a fee that's due and owed to Jay</p> <p>14 Peak, Inc.?</p> <p>15 A These are fees that are owed to Jay</p> <p>16 Peak, Inc., yes.</p> <p>17 Q Okay.</p> <p>18 And what's the contingencies, that five</p> <p>19 percent, do you know what that is?</p> <p>20 A It says, pre-opening working capital,</p> <p>21 but I couldn't well describe it. Either George,</p> <p>22 my CFO, can explain that to you exactly.</p> <p>23 Q Okay. Okay.</p> <p>24 And you also talked about part of what</p> <p>25 you owed, according to MSSI, was the land sale,</p>
<p style="text-align: right;">Page 131</p> <p>1 two-minute bathroom break?</p> <p>2 MR. JAMES: Let me just finish with this</p> <p>3 exhibit.</p> <p>4 BY MR. JAMES:</p> <p>5 Q So based on what I just handed you,</p> <p>6 Exhibit No. 20, this appears to be the source and</p> <p>7 use of investor funds for the Phase I LP I</p> <p>8 construction project.</p> <p>9 Do you see that?</p> <p>10 A Yes.</p> <p>11 Can I say something?</p> <p>12 Q Sure.</p> <p>13 A This is what was there, but that was not</p> <p>14 what was spent. We spent close to twenty some-odd</p> <p>15 million dollars. So -- okay. I understand. I</p> <p>16 just to want make note that that program didn't</p> <p>17 cost that.</p> <p>18 Q Okay. But as far as what the investors</p> <p>19 contributed to this project, that was seventeen</p> <p>20 point five million, correct?</p> <p>21 A Yes.</p> <p>22 Q Okay.</p> <p>23 And you talked about fees that,</p> <p>24 according to MSSI, was owed to Jay Peak in</p> <p>25 connection with the LP I construction project,</p>	<p style="text-align: right;">Page 133</p> <p>1 you said?</p> <p>2 A They owed the land sale.</p> <p>3 Q Okay.</p> <p>4 So if you go down, it has land net cost</p> <p>5 to limited partnership, and it has two million,</p> <p>6 eight hundred and fifty thousand minus one</p> <p>7 million, fifty thousand for a balance of one point</p> <p>8 eight million.</p> <p>9 Do you see that?</p> <p>10 A Yes, sir.</p> <p>11 Q Okay.</p> <p>12 What amount there are you saying was</p> <p>13 still owed to Jay Peak, Inc. on Phase I? Is it</p> <p>14 the one point eight million, or is it something</p> <p>15 more or less than that?</p> <p>16 A It's more than this. I don't know how</p> <p>17 to interpret this document for this particular</p> <p>18 purpose, but I think I know what you're getting</p> <p>19 at. And it has to be shown to you through another</p> <p>20 document. This one doesn't -- won't show what I'm</p> <p>21 trying to explain to you. I don't know how to</p> <p>22 answer this particular question.</p> <p>23 Q Okay. Well, let me --</p> <p>24 A I see what it says. I clearly</p> <p>25 understand what it says.</p>

1 Q Okay. So --

2 A And I make aware that I understand what
3 numbers are here.

4 Q Okay.

5 So just to -- and, again, this document
6 is titled, Source and Use of Investor Funds. And
7 if you look at the beginning amount and the total
8 costs, it, basically, accounts for every dollar of
9 the seventeen point five million of investor funds
10 for Phase I.

11 But if you add up the developer fees of
12 one point nine and you add up the one point eight
13 for the land, and even if you throw in the
14 contingencies, which we're not sure if that's fees
15 or to be used for actual expenses, that's six
16 hundred and thirty-nine thousand. So we're short
17 of that seven point six million in fees that you
18 say you were entitled to from Phase I.

19 A Yes. And in addition to that, there was
20 six or seven million that was owed to me by Jay
21 Peak -- from the general partners onwards to us,
22 according to MSSJ's scheduling to us. So you have
23 to add that as well.

24 Q And what's that amount?

25 A You've asked three times. I don't know

1 that exact -- I don't know why those numbers were
2 there. I don't know.

3 Q Okay. So at any point, did you do some
4 type of, you know, reconciliation or some type of
5 accounting recreation to identify what where that
6 money came from?

7 A Yeah. I have a pretty crack mechanic,
8 and he will get me up until Jay Peak. But that
9 was MSSJ's data to us, and I didn't -- at that
10 time, I just never questioned it. I never
11 questioned it at all.

12 Q But based on this document, as far as
13 what the investors owed to Jay Peak, based on
14 this, we can see developer fees if we accept that
15 to be. So that's fifteen percent, which is one
16 point nine million. So --

17 A Again, I tell you, I clearly understand
18 this document. I clearly understand it, one
19 hundred percent.

20 Q So you would agree that based on this,
21 and this document alone, that you were not
22 entitled to seven point six million in fees based
23 on this document?

24 A Oh, no. Based only on what you're
25 telling and this document, yes.

1 Q Okay.

2 But you're saying there's additional
3 fees that you were told you were owed, also?

4 A Told by them, MSSJ, who owned these
5 accounts prior to me.

6 MR. JAMES: So we'll take a break. We're
7 off the record.

8 (A brief recess was taken at 2:30 p.m.)

9 MR. JAMES: We're back on the record.

10 BY MR. JAMES:

11 Q And as I did previously, I just want to
12 confirm that we did not discuss the case during
13 our break just now; is that correct?

14 A That's correct.

15 Q Okay.

16 If I can have you turn back to the
17 binder, Exhibit 120. Okay. So if you could turn
18 to tab five, and then the first page within tab
19 five should have 7 as the Bates number,
20 RJA-QUIROS-000007.

21 Do you see that?

22 A Yes, sir.

23 Q Okay.

24 This page appears to be a request to
25 have funds transferred to TD Canada Trust for the

1 benefit -- it says, "Transfers should be made to
2 order of Spiegel Sohmer, Inc. in trust."

3 Have you seen this request for transfer
4 before?

5 A Yes, sir.

6 Q And is this the request to have the
7 monies transferred to Spiegel Sohmer in payment of
8 your acquisition of Jay Peak, Inc.?

9 A Yes, sir.

10 Q Okay.

11 And we talked about the different
12 amounts that were -- that originated in the LP I,
13 LP II accounts and it made its way, ultimately, to
14 your Q Resorts account. Do you see where there's
15 thirteen point five, plus million dollars being
16 transferred out?

17 A Yes, sir.

18 Q Okay.

19 And the correct number is -- the
20 complete number is thirteen million five four four
21 three four six and zero cents.

22 Do you see that?

23 A Yes, sir.

24 Q And is this the payment to Spiegel
25 Sohmer for the acquisition?

<p style="text-align: right;">Page 138</p> <p>1 A Yes, sir.</p> <p>2 Q Okay.</p> <p>3 And you recall that I had showed you the</p> <p>4 Q Resorts bank statements showing this thirteen</p> <p>5 point five million going out to Spiegel Sohmer?</p> <p>6 A That's correct.</p> <p>7 Q Okay. So this would be the wire</p> <p>8 transfer that relates to that entry?</p> <p>9 A Yes, sir.</p> <p>10 Q Okay.</p> <p>11 What other payments besides this</p> <p>12 thirteen point five million were made from Q</p> <p>13 Resorts to Spiegel Sohmer in connection with the</p> <p>14 acquisition?</p> <p>15 A That came from my side was a million --</p> <p>16 two point five million, approximately, came out of</p> <p>17 my side.</p> <p>18 Q Okay. When you said your side, what do</p> <p>19 you mean by your side?</p> <p>20 A I put my own money.</p> <p>21 Q Okay. Your personal money?</p> <p>22 A Yes.</p> <p>23 Q Okay.</p> <p>24 And that was transferred from Q Resorts</p> <p>25 to Spiegel Sohmer?</p>	<p style="text-align: right;">Page 140</p> <p>1 one point five. It was either/or, one of the two.</p> <p>2 MS. LAMA: And what's this individual's</p> <p>3 name?</p> <p>4 THE WITNESS: It came out of a trading</p> <p>5 company out of LA, if I'm not mistaken. I can get</p> <p>6 that somehow. You have that, in fact. You have</p> <p>7 the statement from MSSI, I suppose. That will</p> <p>8 show that payment.</p> <p>9 BY MR. JAMES:</p> <p>10 Q And that amount, the one point five</p> <p>11 million, was that sent separately from the one</p> <p>12 million you contributed personally?</p> <p>13 A Yes, sir.</p> <p>14 Q Okay.</p> <p>15 And the amounts that went into -- the</p> <p>16 amounts from your friend in Asia, what was that</p> <p>17 payment towards? Was that also the purchase price</p> <p>18 or was that some other --</p> <p>19 A Purchase price. That was for the</p> <p>20 purchase price.</p> <p>21 Q Okay. So we have the thirteen point</p> <p>22 five that originated with the seven point six and</p> <p>23 the six. We have this one point five. And you</p> <p>24 said you did one million?</p> <p>25 A Yeah, another one million. It had do</p>
<p style="text-align: right;">Page 139</p> <p>1 A Yes, sir.</p> <p>2 Q Okay.</p> <p>3 And the transfer to Q Resorts, that two</p> <p>4 point five million, did that come in from another</p> <p>5 Raymond James account?</p> <p>6 A No. The one point five -- the one point</p> <p>7 five or one million came from Asia. I had a</p> <p>8 friend of mine lend me the money, because we had</p> <p>9 to send it directly to them. And that went</p> <p>10 directly to them.</p> <p>11 And then the other million came from me,</p> <p>12 which was part of the deposits and things like</p> <p>13 that that I had given up to that point, plus an</p> <p>14 additional three or four hundred thousand dollars</p> <p>15 more that tallied up that one million. If I</p> <p>16 recollect correctly, that's about what had</p> <p>17 happened.</p> <p>18 Q Any other amounts you can recall?</p> <p>19 A No, sir. We had -- I'm sorry.</p> <p>20 MS. LAMA: I'm sorry.</p> <p>21 The one point five million that came</p> <p>22 from -- I'm sorry, you said a friend from Asia?</p> <p>23 THE WITNESS: Yeah, from -- it came out</p> <p>24 of LA directly to Canada. I borrowed it from a</p> <p>25 friend from Korea. I don't know if it was one or</p>	<p style="text-align: right;">Page 141</p> <p>1 with some note that had to be paid with HSBC Bank</p> <p>2 in Canada. There was something there that had to</p> <p>3 get paid right away over there.</p> <p>4 MS. LAMA: And your friend lent you the</p> <p>5 money to pay that?</p> <p>6 THE WITNESS: Yes, sir -- yes, ma'am.</p> <p>7 BY MR. JAMES:</p> <p>8 Q And is that loan --</p> <p>9 A Been repaid? Yes, sir.</p> <p>10 Q Okay. Was there actually a promissory</p> <p>11 note or some kind of loan document that captured</p> <p>12 that one point five million?</p> <p>13 A In a different format. I'd actually put</p> <p>14 him in the original books of the company until I</p> <p>15 paid him back, I actually put him as one of the</p> <p>16 owners of Jay Peak and Q Resorts.</p> <p>17 Q Okay. That was my question, whether he</p> <p>18 got some type of equity in Q Resorts?</p> <p>19 A No. No. Just as a guarantee. I would</p> <p>20 pay him back with time. I just needed a little</p> <p>21 bit more time.</p> <p>22 Q And at some point, was interest being</p> <p>23 accrued on that?</p> <p>24 A No. It's my friend.</p> <p>25 Q Okay. And then you said you paid him</p>

<p style="text-align: right;">Page 122</p> <p>1 corner.</p> <p>2 A Yes, sir, I have.</p> <p>3 Q You've got it?</p> <p>4 A Yes, sir.</p> <p>5 MR. GORDON: Tab ten?</p> <p>6 MR. JAMES: No. No. Tab five, Bates</p> <p>7 number 10, RJA-QUIROS-00010. It should be --</p> <p>8 THE WITNESS: I have it.</p> <p>9 BY MR. JAMES:</p> <p>10 Q Okay. Perfect. Perfect.</p> <p>11 And have you seen -- this appears to be</p> <p>12 a handwritten note to Joel. I'm assuming that's</p> <p>13 Joel Burstein. And it's signed and your name is</p> <p>14 printed at the bottom. Do you see that?</p> <p>15 A Yes, sir.</p> <p>16 Q Have you seen this document before?</p> <p>17 A Yes. Yes.</p> <p>18 Q Okay.</p> <p>19 Is this your request to Mr. Burstein to</p> <p>20 transfer those funds from LP I, LP II to your Q</p> <p>21 Resorts account?</p> <p>22 A That's correct.</p> <p>23 Q Okay.</p> <p>24 And it says, "Please transfer sixteen</p> <p>25 million, per the instructions below Jay Peak Hotel</p>	<p style="text-align: right;">Page 124</p> <p>1 did the margin kicked in at Raymond James. I know</p> <p>2 they did it, and they established it right away.</p> <p>3 So in trying to keep track with you I</p> <p>4 said that right away was because I know that right</p> <p>5 from the get go we were using the margin. So I</p> <p>6 don't see this here, but I don't remember the</p> <p>7 account. But that's correct.</p> <p>8 Q So what we're seeing here suggests or</p> <p>9 says that the monies came directly from the LP I,</p> <p>10 LP II account, but you're saying that your</p> <p>11 recollection, that there's a margin account that</p> <p>12 it came from instead?</p> <p>13 A Yes. Because Joel bought Treasury bills</p> <p>14 right away and used the balance to continue with</p> <p>15 the project, and whatever I needed, I would take</p> <p>16 out on the margins.</p> <p>17 Q Okay. But based on the sequence of the</p> <p>18 documents I just showed you, we don't see that</p> <p>19 happening?</p> <p>20 A So far.</p> <p>21 Q Okay.</p> <p>22 What we see is that the money comes in</p> <p>23 to Q Resorts from the LP I, LP II account, and</p> <p>24 there's no intervening transfer that suggests that</p> <p>25 it was margin was used or Treasury bills were</p>
<p style="text-align: right;">Page 123</p> <p>1 Suites to Q Resorts, Inc. from account [REDACTED] 6365 to</p> <p>2 account [REDACTED] 4772. And from account 54 -- sorry,</p> <p>3 seven point six million. And from account</p> <p>4 [REDACTED] 6370 to account [REDACTED] 4772, six million."</p> <p>5 So you see this is your request to</p> <p>6 Mr. --</p> <p>7 A Correct.</p> <p>8 Q Okay.</p> <p>9 And so these two amounts that we saw on</p> <p>10 that other tab appears to be monies that came</p> <p>11 directly from the LP I, LP II account.</p> <p>12 A Okay.</p> <p>13 Q Okay. So when you say those amounts</p> <p>14 came from your margin account, what does that</p> <p>15 mean?</p> <p>16 A I have to -- the acquisition of Jay Peak</p> <p>17 is in exact sequence of what's happening here.</p> <p>18 Q Okay.</p> <p>19 A That's for sure.</p> <p>20 The part that I think that you're</p> <p>21 addressing is that I took the money out of the LP</p> <p>22 accounts. The LP accounts, part of those funds</p> <p>23 from both projects belong to me. And I use those</p> <p>24 funds to send out of those accounts.</p> <p>25 What I don't remember is at what point</p>	<p style="text-align: right;">Page 125</p> <p>1 purchased or -- we don't see that based on the</p> <p>2 sequence in --</p> <p>3 A I only see so far that the money that's</p> <p>4 there belonged to me anyway. So I -- I don't know</p> <p>5 at what point did the margin kick in.</p> <p>6 But so far at these levels, this monies</p> <p>7 that you're seeing belong -- is my money.</p> <p>8 Q Okay. So the --</p> <p>9 MS. LAMA: How is it your money?</p> <p>10 THE WITNESS: How? Well, because at the</p> <p>11 time -- as I said to you before, at the time of</p> <p>12 the acquisition, they owed me money from Jay Peak</p> <p>13 I, Jay Peak II, and that's what this money</p> <p>14 represents anyway. They owed me more than this,</p> <p>15 but this is what I utilized to send it out.</p> <p>16 MS. LAMA: Okay. And why did they owe</p> <p>17 you that money?</p> <p>18 THE WITNESS: Because of all of the</p> <p>19 service fees and all of the things that were</p> <p>20 billed to them, which I don't have the documents</p> <p>21 to show that. But on their books that they gave</p> <p>22 me represented that they owed me seven million</p> <p>23 dollars, plus the land sale, the transition sales,</p> <p>24 whatever fees that Jay Peak had billed them, it</p> <p>25 was all in there.</p>

<p style="text-align: right;">Page 118</p> <p>1 Do you recognize this account?</p> <p>2 A Yes, sir.</p> <p>3 Q Okay. And is this the Q Resorts account</p> <p>4 at Raymond James?</p> <p>5 A Yes, sir.</p> <p>6 Q And how many accounts does Q Resorts</p> <p>7 have at Raymond James?</p> <p>8 A One.</p> <p>9 Q One. Okay.</p> <p>10 So this would be the only Q Resorts</p> <p>11 account?</p> <p>12 A Yes.</p> <p>13 Q Okay.</p> <p>14 And have you seen this statement before?</p> <p>15 It's for the time period of May 1st to June 30th,</p> <p>16 2008.</p> <p>17 A Yes, sir.</p> <p>18 Q Okay.</p> <p>19 And is this in and around the time of</p> <p>20 the closing?</p> <p>21 A Yes, sir.</p> <p>22 Q Okay.</p> <p>23 Turning your attention back to 949 Bates</p> <p>24 stamp. You see there's two entries that begin</p> <p>25 this section. It has on June 23rd, 2008 --</p>	<p style="text-align: right;">Page 120</p> <p>1 Q Okay.</p> <p>2 And then next to that, we have a</p> <p>3 withdrawal, a wire, as it's noted, a wire to</p> <p>4 Spiegel Sohmer for thirteen point five million,</p> <p>5 the exact number is thirteen five four four three</p> <p>6 four six point zero zero.</p> <p>7 Do you see that?</p> <p>8 A (The witness nods head.)</p> <p>9 Q Okay.</p> <p>10 What's that wire? Is that the payment</p> <p>11 to Spiegel Sohmer for the acquisition of Jay Peak?</p> <p>12 A That's correct. That's correct. It's</p> <p>13 the one-window system in effect.</p> <p>14 Q Okay. Okay.</p> <p>15 And the seven point six transfer in from</p> <p>16 LP I and the six million transfer in from LP II,</p> <p>17 are those the amounts that are now being</p> <p>18 transferred out to MSSI Spiegel Sohmer for --</p> <p>19 A How they write it, I don't know. What</p> <p>20 it is, it's coming out of my margin account. My</p> <p>21 margins were established at this time.</p> <p>22 Q Okay.</p> <p>23 You're saying this seven point six and</p> <p>24 this six million are coming out of the margin</p> <p>25 account?</p>
<p style="text-align: right;">Page 119</p> <p>1 A Yes, sir.</p> <p>2 Q -- there's an amount of seven point six</p> <p>3 million --</p> <p>4 A Yes, sir.</p> <p>5 Q -- that was transferred into this Q</p> <p>6 Resorts account from another account at Raymond</p> <p>7 James. The account number is [REDACTED] 6365. Do you</p> <p>8 recognize that to be the LP I account?</p> <p>9 A Yes.</p> <p>10 Q Okay.</p> <p>11 And then --</p> <p>12 A Yes.</p> <p>13 Q Okay. And then right below that there's</p> <p>14 a six million dollar -- same date, June 23rd,</p> <p>15 2008, and six million dollars were transferred</p> <p>16 into this Q Resorts account from account number</p> <p>17 [REDACTED] 4630. And do you also recognize that to be the</p> <p>18 LP II Raymond James account, both of which held</p> <p>19 that eleven million and seven million respectively</p> <p>20 investor funds?</p> <p>21 A Perfectly.</p> <p>22 Q Okay.</p> <p>23 And do you recall those transfers coming</p> <p>24 in?</p> <p>25 A Yes, sir. Yes, sir.</p>	<p style="text-align: right;">Page 121</p> <p>1 A That's correct.</p> <p>2 Q Do you know the account number?</p> <p>3 A I don't have.</p> <p>4 Q Okay.</p> <p>5 But looking at the statement, do you see</p> <p>6 the beginning balance?</p> <p>7 A Yes.</p> <p>8 Q Okay.</p> <p>9 And it's zero?</p> <p>10 A Yes.</p> <p>11 Q Okay.</p> <p>12 So at the time of these two transfers in</p> <p>13 from LP I, LP II, there were no monies in this Q</p> <p>14 Resorts account?</p> <p>15 A No.</p> <p>16 Q Okay.</p> <p>17 A This was the first series of</p> <p>18 transactions started with this first account.</p> <p>19 Q Okay.</p> <p>20 So -- okay. Hold on. Let me show you</p> <p>21 another exhibit, which will be tab five. Okay. If</p> <p>22 you go to -- you're in tab five, if you go to</p> <p>23 Bates number 10, lower right-hand corner.</p> <p>24 A That's five.</p> <p>25 Q Number 10. Look at the lower right-hand</p>

1 interest that was earned.
 2 (SEC Exhibit No. 118 was
 3 marked for identification.)
 4 BY MR. JAMES:
 5 Q I'm handing you Exhibit 118. And you
 6 saw this earlier in relation to LP I, and this now
 7 appears to be that LP II account opening form that
 8 you completed. And, basically, that account
 9 number is [REDACTED] 3770. And the account title is Jay
 10 Peak Hotel Suites, LP II, Jay Peak Management
 11 Inc., Partner. By the way, Jay Peak Management,
 12 Inc., Partner, is that the general partner of –
 13 A That's correct. That's correct.
 14 Q Okay.
 15 And, again, this appears to be the same
 16 signature at the bottom. Is that your signature?
 17 A Yes, sir.
 18 Q Okay.
 19 So here we have -- which correlates with
 20 the documents that we've seen thus far, this is
 21 the account opening form for the Raymond James
 22 account for LP II that will be under your control,
 23 as far as what you testified to. And the money in
 24 this is coming from the MSSJ Raymond James account
 25 that they opened in connection with the closing?

1 A Yes, sir.
 2 Q Okay.
 3 (SEC Exhibit No. 119 was
 4 marked for identification.)
 5 BY MR. JAMES:
 6 Q Let me hand you Exhibit 119 with copy of
 7 same to Mr. Gordon. And you may have picked up on
 8 the pattern based on LP I. So now on LP II, we
 9 have this newly opened account that we just
 10 referenced in the earlier Exhibit 118, which is
 11 account number ending in 6370?
 12 A That's correct. That's correct.
 13 Q And, again, this is the account you
 14 opened in which to receive the seven million
 15 investor funds that are in the MSSJ Raymond James
 16 account, correct?
 17 A That's correct.
 18 Q Okay. And then the first page, you see
 19 that seven million dollar deposit that's
 20 summarized. And if you turn to the page that has
 21 the Bates number 1739 in the bottom lower
 22 right-hand corner, it shows on June 23rd, 2008,
 23 there's a cash transfer in of seven million. And,
 24 again, that's coming from that [REDACTED] 6389 account,
 25 which we saw earlier as the MSSJ LP II account at

1 Raymond James.
 2 Do you see that?
 3 A Yes, sir.
 4 Q Okay.
 5 So based on this, it shows that that
 6 seven million that began at began at Chittenden LP
 7 II investor funds and was transferred to Raymond
 8 James MSSJ LP II account is now being transferred
 9 to your LP II MSSJ account. Do you see that?
 10 A A hundred percent.
 11 Q Okay.
 12 So now we have that eleven million that
 13 started in Chittenden Bank investors funds for LP
 14 I. And the seven million in Chittenden Bank in
 15 investor funds for LP II, we just see the sequence
 16 in where those monies were essentially transferred
 17 to your LP I and LP II accounts at Raymond James?
 18 A That's correct.
 19 Q Okay.
 20 (SEC Exhibit No. 120 was
 21 marked for identification.)
 22 BY MR. JAMES:
 23 Q Okay. So let me hand you -- and it's a
 24 little big, so don't get intimidated. I just have
 25 a couple of pages I want to refer you to. But I'm

1 going to hand you what has been marked as
 2 Composite Exhibit No. 120. And it's a three-ring
 3 binder. The front cover has a label of Q Resorts.
 4 It's about two to three inches, four inches thick,
 5 and it includes a number of tabs on the right side
 6 from one through tab twelve.
 7 Do you see those?
 8 A Yes.
 9 Q Okay.
 10 Let me turn your attention to tab two.
 11 So if you turn to tab two and you go to Bates
 12 number 949. And, again, you can find that in the
 13 lower corner, right or left depending on how you
 14 have your binder turned. Okay. So it'll be in
 15 your lower left-hand corner. Again, that's ending
 16 in 949.
 17 A I don't have.
 18 MS. LAMA: It's on your right side.
 19 BY MR. JAMES:
 20 Q Oh, sorry. Yeah.
 21 A Yes, sir.
 22 Q Okay. So on there -- and this appears
 23 to be the Raymond James account statement for
 24 investment account number [REDACTED] 4772. And the
 25 account title is, Q Resorts, Inc.

<p style="text-align: right;">Page 110</p> <p>1 (SEC Exhibit No. 116 was 2 marked for identification.) 3 BY MR. JAMES: 4 Q I'm going to hand you Exhibit No. 116, 5 what has just been marked by the court reporter. 6 I'll give a copy to Mr. Gordon. And as you flip 7 through this, or at least you read through it, 8 you'll see that this appears to be a new account 9 form at Raymond James, and the entity or title of 10 the account is Jay Peak Hotel Suites, LP I, Jay 11 Peak Management, Inc. Partner. 12 In the exhibit that we just saw 13 previously where it talked about the LP I, LP II 14 accounts being re-titled to your control, is this 15 the account opening form in connection with the LP 16 I account that had the eleven million? 17 A Yes, sir. 18 Q Okay. 19 And just for completeness, at the 20 bottom, it has a signature and a date of June 21 17th, 2008. Is that your signature? 22 A Yes, sir. 23 Q Okay. 24 And next to you, I guess that's Mr. 25 Burstein's signature, if you know?</p>	<p style="text-align: right;">Page 112</p> <p>1 together this way for whatever. With all due 2 respect, I'm not saying it in a bad way, but as I 3 look at these documents -- 4 Q I have a couple more. 5 A It's okay. It's wonderful. It's 6 really -- 7 (SEC Exhibit No. 117 was 8 marked for identification.) 9 BY MR. JAMES: 10 Q The one I'm handing you now has been 11 marked as Exhibit 117. And it's a Raymond James 12 monthly account statement. And the title of the 13 account matches up to what we just saw in Exhibit 14 116, as it's Jay Peak Hotel Suites, LP I, which 15 was reflected in the account opening form that you 16 recall executing and the account number of 17 4636 -- 46365. And it appears there is an 18 extra zero -- or at least a zero is left off, but 19 otherwise it seems to be the same account number. 20 Sticking with Exhibit 117, if you look 21 on the first page, there's a deposit of eleven, 22 plus million dollars. 23 Do you see that? 24 A Yes, sir. 25 Q And if you turn, which is five, six</p>
<p style="text-align: right;">Page 111</p> <p>1 A Yes. 2 Q Okay. 3 And just, again, for completeness, the 4 account number referenced at the top is 463650. 5 Do you see that? 6 A Yes, sir. 7 Q Do you recall that to be the account 8 number of this account, or do you have like an 9 independent -- 10 A I understand what's happening, so I'm 11 following it by sequence of events. 12 Q Okay. Perfect. 13 A I -- I wouldn't be able to tell you a 14 hundred percent. But it is. There was no other 15 account, that and Jay Peak II and Q Resorts and 16 margin. 17 Q Okay. And then we'll get to it, but I'm 18 assuming you also did an account opening form for 19 the LP II account, also? 20 A Yes. 21 I have to admit you guys are very 22 professional. 23 Q We try. 24 A It is very, very unbelievable the hours 25 that you must've spent to get this all put</p>	<p style="text-align: right;">Page 113</p> <p>1 pages in, this is the one that has the Bates 2 number that ends in 1345 in the lower right-hand 3 corner, and you'll see an entry on June 23rd, 4 2008, deposit cash. The amount is that eleven, 5 plus million dollars. And it says transfer from 6 account number 4698, which was that account we 7 saw from the MSSI account that was opened up at 8 Raymond James. 9 A Yes, sir. 10 Q So this appears to show that from MSSI 11 for LP I the transfer of eleven, plus million 12 dollars to your newly opened LP I account at 13 Raymond James? 14 A That's correct. 15 Q Okay. 16 So still we're dealing with that same 17 eleven million in investor funds for LP I that 18 started back at Chittenden Bank under the control 19 of MSSI? 20 A That's correct. 21 MS. LAMA: For the clarity of the 22 record, that additional amount, the amount 23 transferred is eleven million, two thousand five 24 hundred sixty-six, and that two thousand -- that 25 additional two thousand five hundred sixty-six is</p>

<p style="text-align: right;">Page 142</p> <p>1 back. Do you pay him back in one lump sum or over 2 the course -- 3 A Yes, I paid him back. 4 Q -- over the course -- sorry. 5 A And then he -- then I removed him from 6 the books. I removed him from the books. 7 Q Okay. But the payment, was that one 8 point five million one lump sum or was it over? 9 A No. It was one lump sum. I have to 10 really check on that one. 11 Q Okay. 12 Any interest accrued on that one point 13 five million? 14 A I have to check. I don't know. I 15 really don't know. 16 MS. LAMA: And when did you pay that 17 back? 18 THE WITNESS: Within the year. Within 19 that year I paid him back. We took him off the 20 books -- I put him there, and then I book him off 21 the books. 22 MS. LAMA: And when you say the books, 23 are you referring to -- 24 THE WITNESS: The ownership of Q 25 Resorts. It was a way of -- he knew I would pay</p>	<p style="text-align: right;">Page 144</p> <p>1 MS. LAMA: And when you made this 2 repayment, to whom did you wire the money to? To 3 whom was the payment addressed? Was it this 4 trading company, or who was the recipient? 5 THE WITNESS: Yeah, directly to Korea. I 6 have that. I think you might have that, Michelle. 7 There was a question once asked about some funds 8 that were sent to Korea. I'm not so sure, but 9 that is the funds that I sent to Korea. 10 MS. LAMA: Are you referring to AnC Uda 11 Cell? 12 THE WITNESS: No. No. No. That was 13 something else. 14 But I will get you that answer. I will 15 get you that answer. 16 BY MR. JAMES: 17 Q Okay. You can provide that through Mr. 18 Gordon, if possible. 19 A Yeah, I know. 20 We have a lot of trading in South Korea. 21 That's where my basis is. As I told you before 22 just so you don't think it's a little vague, I 23 don't do no business in the United States, other 24 than Jay Peak. I have no other business that I 25 really conduct in the United States. My source of</p>
<p style="text-align: right;">Page 143</p> <p>1 him back. I just did it as a -- to show that -- I 2 have a good name in Korea, and I can do these type 3 of things quite easily with my friends over there. 4 And I just did that as a good faith. 5 BY MR. JAMES: 6 Q What was the source of the money used to 7 repay him for the one point five? 8 A From my businesses. From Jay Peak or Q 9 Resorts or from something I had received. 10 Q Okay. 11 Do you recall what account specifically 12 that money any came out of? 13 A No, but I promise you I'll find out. 14 Q In particular, was it a Q Resorts 15 account, or was it one of the LP accounts? 16 A I have to verify. I have to verify. 17 Q As far as you can recall, you believe 18 that it was -- the source of this one point five 19 repayment was from the Jay Peak, LP -- 20 A No. No. No. Out of either of Jay 21 Peak, Inc. or out of Q Resorts, out of my company. 22 Q When you say your company, you mean Q 23 Resorts? 24 A Yes. Or Jay Peak, Inc. 25 Q Okay.</p>	<p style="text-align: right;">Page 145</p> <p>1 income, my source of business is really Asia and 2 Korea and Japan. That's it. 3 Q Any others? So we have the one point 4 five million that your friend from Korea loaned 5 you. We have the one million of your personal 6 funds that you contributed. Any other payments -- 7 we have the thirteen point five million that 8 came -- originated with the two LPs. This one 9 point five, the one -- any other payments you 10 recall being made to MSSSI in connection with the 11 closing? 12 A No. And I want to be just clear on 13 this -- I want to be very clear. I don't really 14 recollect. It happened all so fast, that I 15 really -- I know I borrowed the money, and I have 16 that money flying over to Canada. I can track 17 that. I'm really -- I'm sorry. I just don't 18 remember how that payment was done back, but I 19 will give you the correct and transparent answer. 20 Q No. No. And I understand that. 21 A I promise. 22 Q I appreciate that. 23 A I'm very sorry. 24 Q Okay. 25 Let me have you go back to the binder.</p>

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1 A Yes.

2 Q And if you go to tab six.

3 A Okay. Yes.

4 Q Are you at tab six?

5 A Yes.

6 Q Feel free to open it all the way because

7 we're going to go through a number of tabs.

8 A Okay.

9 Q Okay. Are you at tab six?

10 A Yes.

11 Q Okay.

12 So if you look at tab six, that tab

13 contains two pages, page one -- or page two and

14 page one.

15 Do you recognize either or both of these

16 pages?

17 A Yes.

18 Q And let me just give the Bates number,

19 199 and 4. And they both begin with

20 RJA-QUIROS-000.

21 And, basically, do you see -- and if you

22 take a look the first one, you see that's two

23 million being wired from the Jay Peak Hotel

24 Suites, LP I to Q Resorts. You see that on the

25 first page, two million?

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1 A Yes. Yes.

2 MS. LAMA: And for clarity, that's a

3 transfer between the two accounts.

4 MR. JAMES: Yes. Another wire.

5 BY MR. JAMES:

6 Q And then if you turn to the second page,

7 you have that two million. Do you see that being

8 wired from the Q Resorts account?

9 A Yes.

10 Q To an account, if you see the bank

11 account number?

12 A Yes.

13 Q And it's signed by yourself --

14 A Yes.

15 Q -- Ariel Quiros?

16 A Yes.

17 Q And I think this will be going to Ed

18 Burgess's law firm. Do you remember this two

19 million?

20 A Yes.

21 Q Okay.

22 And this is a payment in connection with

23 the acquisition of Jay Peak?

24 A Yeah. This has -- I don't -- yes. Yes,

25 it is. It has to do with acquisition with Jay

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1 Peak.

2 How does it fall into the bucket here? I

3 don't know. I don't know.

4 Q Okay. But if you read these two

5 documents together, that two million that was

6 transferred to this trust account in connection

7 with --

8 A May I look at one document here, please,

9 one second?

10 Q Sure.

11 A Okay. I understand.

12 Q Okay.

13 So my question, this in these two

14 documents, you see that two million was

15 transferred -- at least moved from the LP I Hotel

16 Suites account at Raymond James to your Q Resorts

17 account at Raymond James. And then you authorized

18 that two million to be wired out to Burgess's

19 trust account --

20 A Yeah.

21 Q -- at Community Bank of Broward. Do you

22 see that?

23 A Yes, sir.

24 Q Okay. So here we have two million in LP

25 I investor funds being used -- excuse me. You

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1 have additional two million in LP I investor funds

2 being used to acquire Jay Peak by Q Resorts. So

3 we already have the seven point six million we saw

4 earlier. Now we have an additional two million.

5 So right now we're at eight point six million.

6 Do you see that?

7 A Yes, sir.

8 Q Any recollection or information as to

9 why that was done?

10 A I -- I don't recollect. I don't know. I

11 don't know. I don't know. But I'll get you the

12 answer. That's for sure.

13 Q You do see the date, June 25th, 2008. So

14 it's in and around the same time as those other

15 transfers to Seigel Sohmer?

16 A I don't know. I don't know.

17 Q If you turn to --

18 A But it has a good story. Whatever it

19 is, I guarantee it's a very good -- whatever it

20 is, I'll get you the right answer. That's for

21 sure.

22 Q Okay.

23 Tab seven. This one again, we have two

24 documents. One is Bates number RJA-QUIROS-000198,

25 and the second one is RJA-QUIROS-000005. The

<p style="text-align: right;">Page 150</p> <p>1 first document page is -- that's 198, is dated</p> <p>2 June 26th.</p> <p>3 Do you see that?</p> <p>4 A Yes.</p> <p>5 Q And, basically, is that your signature</p> <p>6 at the bottom where your name is, Ariel Quiros?</p> <p>7 A Yes, sir.</p> <p>8 Q So, basically, this is you're</p> <p>9 authorizing Raymond James to transfer these two</p> <p>10 amounts from the LP I, LP II accounts to your</p> <p>11 account at Q Resorts?</p> <p>12 A That's correct.</p> <p>13 Q You see -- so you have two hundred and</p> <p>14 ninety thousand coming from LP II to Q Resorts,</p> <p>15 and you have another two hundred and ninety</p> <p>16 thousand coming from LP II to the Q Resorts.</p> <p>17 A These numbers were something for</p> <p>18 specific -- the numbers for something specific,</p> <p>19 I'm sure.</p> <p>20 Q But, again, these are investor funds in</p> <p>21 LP I and LP II?</p> <p>22 A Oh, I don't know. I don't know. It</p> <p>23 says here like this, and I have to verify.</p> <p>24 Q Okay. But do you have any reason or</p> <p>25 understanding to believe that this is not investor</p>	<p style="text-align: right;">Page 152</p> <p>1 June 26th thing. It's from Raymond James, so I'm</p> <p>2 sure we've got to have it. It says here Raymond</p> <p>3 James. It was faxed.</p> <p>4 MR. GORDON: So if these are coming from</p> <p>5 Raymond James, they should give them to you.</p> <p>6 THE WITNESS: So there is -- and I'll</p> <p>7 ask Bill Kelly. William J. Kelly will probably be</p> <p>8 the exact man to answer this question.</p> <p>9 MR. JAMES: Okay.</p> <p>10 THE WITNESS: And the million -- the two</p> <p>11 million one, which is this one?</p> <p>12 MR. JAMES: Tab six.</p> <p>13 THE WITNESS: Tab six, yeah. I want to</p> <p>14 verify these two sets of documents for you.</p> <p>15 MR. JAMES: Okay. And you said Mr.</p> <p>16 Kelly -- you have a question. I'm sorry.</p> <p>17 THE WITNESS: Can you write this down,</p> <p>18 please?</p> <p>19 MR. GORDON: Yes. I've been writing.</p> <p>20 THE WITNESS: Please look at this. But</p> <p>21 it's from Raymond James, so we have to have -- or</p> <p>22 they have it already.</p> <p>23 MR. GORDON: Let me write this.</p> <p>24 THE WITNESS: Do you have how we did the</p> <p>25 list, the list breakdown? It must show this.</p>
<p style="text-align: right;">Page 151</p> <p>1 funds in LP I and LP II?</p> <p>2 A In order to that answer that I have to</p> <p>3 know the source of this, what is this? And then I</p> <p>4 can tell you. I can see from the documents that</p> <p>5 you're right.</p> <p>6 Q Okay.</p> <p>7 A Was there an amendment with Raymond</p> <p>8 James? Was it -- what is this account? I don't</p> <p>9 know. There are two exact numbers, so it makes me</p> <p>10 question what it is.</p> <p>11 MS. LAMA: And on --</p> <p>12 THE WITNESS: I don't know. I really</p> <p>13 don't know. Honestly, I don't know.</p> <p>14 MS. LAMA: And on this transfer form --</p> <p>15 THE WITNESS: Can I have a copy of this?</p> <p>16 MR. JAMES: Of this document?</p> <p>17 Unfortunately, no. Sorry.</p> <p>18 THE WITNESS: Okay.</p> <p>19 MR. GORDON: Well, don't you want him to</p> <p>20 be able to go back and look and tell you what it's</p> <p>21 all about?</p> <p>22 MR. JAMES: No. I was going to say, but</p> <p>23 if you want me to provide Mr. Gordon with dates or</p> <p>24 something along that, you can feel free --</p> <p>25 THE WITNESS: If you can prepare this</p>	<p style="text-align: right;">Page 153</p> <p>1 I'm sorry. I don't know. I really</p> <p>2 don't know, but I'll get the answer. I'll get the</p> <p>3 answer.</p> <p>4 MR. JAMES: Okay. Just as an aside, I</p> <p>5 think while we're talking about documents that you</p> <p>6 guys don't have or do have, I just want to I guess</p> <p>7 remind Mr. Gordon about our standard request for</p> <p>8 all documents in relation to the acquisition.</p> <p>9 So to the extent there's anything else</p> <p>10 that hasn't been produced as yet, and, obviously,</p> <p>11 you're going back to look to see if you have</p> <p>12 these, but if there's anything that hasn't been</p> <p>13 produced in connection with the acquisition, any</p> <p>14 payments, source of those payments, if you could</p> <p>15 produce those, also.</p> <p>16 MS. LAMA: Including what the different</p> <p>17 payments were for in relation to the acquisition.</p> <p>18 THE WITNESS: Michelle, I'm sure this --</p> <p>19 this number's too consistent. This number's --</p> <p>20 there's something here that had to be paid or is</p> <p>21 paid or had to be paid. I don't know what this</p> <p>22 is, but I know whatever it is, it is what it is.</p> <p>23 What we said we purchased for the</p> <p>24 resort, it is. This has an explanation. I'm</p> <p>25 sorry you do not have it. I really am sorry.</p>

<p style="text-align: right;">Page 154</p> <p>1 BY MR. JAMES:</p> <p>2 Q Let's turn to the next page, same tab,</p> <p>3 next page. You should have it. So the second</p> <p>4 page shows a transfer now from Q Resorts, now</p> <p>5 again to that Community Bank of Broward Burgess</p> <p>6 Trust Account. And that amount is for six hundred</p> <p>7 and twenty-eight thousand, six hundred and eighty</p> <p>8 four dollars and forty-two cents.</p> <p>9 You see that amount?</p> <p>10 A Yes, sir.</p> <p>11 Q And, again, that's your signature</p> <p>12 authorizing this transfer from Q Resorts to this</p> <p>13 trust account in connection with the closing?</p> <p>14 A Yeah. This -- all these funds are going</p> <p>15 to the agent who was closing the resort -- making</p> <p>16 the closing for the resort. So I don't know what</p> <p>17 was being -- I don't know what was being</p> <p>18 transpired with those closing escrows or closing</p> <p>19 fees that he could've had. But I can assure you</p> <p>20 it has a true answer. It has a very true answer.</p> <p>21 THE WITNESS: Do you see what I'm</p> <p>22 saying? They're going to the closing -- they're</p> <p>23 going to a trust account, so they've got to have a</p> <p>24 reason.</p> <p>25 MR. GORDON: Okay.</p>	<p style="text-align: right;">Page 156</p> <p>1 Okay. Starting with 17078 page, as you</p> <p>2 see, this appears to be a letter from Mr. Stenger</p> <p>3 to Chittenden Bank and, basically, asking Jessica</p> <p>4 to please wire six hundred thousand dollars from</p> <p>5 the Phase II operating account to -- and then she</p> <p>6 gives wire instructions as per the benefit for Q</p> <p>7 Resorts at account number [REDACTED] 4772, credit to</p> <p>8 Raymond James.</p> <p>9 Do you recognize this document?</p> <p>10 A No.</p> <p>11 Q Okay.</p> <p>12 A No. But that's not to say I don't know</p> <p>13 about it. That's number one. I -- I'm sure.</p> <p>14 Q Do you recall asking Mr. Stenger to</p> <p>15 execute a transfer --</p> <p>16 A No. No. But I'm sure there's a reason.</p> <p>17 Q Let me finish.</p> <p>18 Do you recall asking Mr. Stenger to</p> <p>19 execute a transfer of six hundred thousand dollars</p> <p>20 from the Phase II investor account to your account</p> <p>21 at Q Resorts?</p> <p>22 A Yes, of course. I'm sure they didn't do</p> <p>23 anything -- I just don't have the answer. But,</p> <p>24 yes. The answer's yes.</p> <p>25 Q I think you testified to earlier that</p>
<p style="text-align: right;">Page 155</p> <p>1 MS. LAMA: And just to clarify</p> <p>2 something.</p> <p>3 THE WITNESS: And here's the other one.</p> <p>4 MR. GORDON: Got it.</p> <p>5 THE WITNESS: Okay.</p> <p>6 MS. LAMA: On the first document behind</p> <p>7 tab seven, which we've been discussing --</p> <p>8 THE WITNESS: Yes.</p> <p>9 MS. LAMA: -- which is Bates 198. These</p> <p>10 two transfers each for two hundred ninety thousand</p> <p>11 are from the accounts, which we marked before and</p> <p>12 referred to before, for LP I and LP II,</p> <p>13 specifically account [REDACTED] 6365 for LP I and account</p> <p>14 [REDACTED] 6370 for LP II.</p> <p>15 THE WITNESS: Okay.</p> <p>16 BY MR. JAMES:</p> <p>17 Q If you could turn to tab eight. Let me</p> <p>18 know when you're there.</p> <p>19 A I'm here.</p> <p>20 Q So tab eight contains, again, two pages.</p> <p>21 The first page has Bates number SEC-PUB-E-0017078.</p> <p>22 Do you see that?</p> <p>23 A Yes.</p> <p>24 Q And the second page is Bates number</p> <p>25 RJA-QUIROS-0000006.</p>	<p style="text-align: right;">Page 157</p> <p>1 Mr. Stenger has signatory authority on the</p> <p>2 People's Bank accounts, the Chittenden Bank</p> <p>3 accounts, and you do not?</p> <p>4 A I don't.</p> <p>5 Q Okay.</p> <p>6 So does that explain why Mr. Stenger is</p> <p>7 the one making the wire request and not you</p> <p>8 specifically, because he's the one that has the</p> <p>9 authority?</p> <p>10 A I don't know what time he was the</p> <p>11 owner -- at what time was working with us and at</p> <p>12 what time he's working with them. Because</p> <p>13 remember, he's the President of MSSSI. So I don't</p> <p>14 know. You're going way past my understanding.</p> <p>15 Q But based on this is document, your</p> <p>16 account at Q Resorts exists, because he's asking</p> <p>17 her to send six hundred thousand dollars from</p> <p>18 Phase II to Q Resorts.</p> <p>19 A Yeah.</p> <p>20 Q So at this point in time, you've opened</p> <p>21 up your Q Resorts account at Raymond James.</p> <p>22 A I don't see a date here, and I get</p> <p>23 worried because I don't know. He was MSSSI one</p> <p>24 day, and then the next day, he was Q Resorts guy.</p> <p>25 So I have to be -- I don't want to confuse you.</p>

<p style="text-align: right;">Page 158</p> <p>1 That's why. But I'll get the answer for you. I</p> <p>2 really will -- I mean, not I really will. I must.</p> <p>3 THE WITNESS: Okay. So you got that.</p> <p>4 MR. GORDON: Got it.</p> <p>5 BY MR. JAMES:</p> <p>6 Q Do you see the handwritten notes? Turn</p> <p>7 back to the 1707 page. If you turn back. Sorry.</p> <p>8 You see the handwritten note at the top? You see</p> <p>9 what appears to be 7, slash, 1, slash, 08?</p> <p>10 A Yes.</p> <p>11 Q It has July 1st, 2008?</p> <p>12 A Yes.</p> <p>13 Q Does that help you recall the purpose</p> <p>14 for asking Mr. Stenger to send that six hundred</p> <p>15 thousand --</p> <p>16 A No.</p> <p>17 Q -- from LP II account --</p> <p>18 A I never coordinated any funds out of</p> <p>19 there -- I never requested any funds. Whatever</p> <p>20 funds they sent, they sent it at random. Because</p> <p>21 I don't know.</p> <p>22 The only funds that I requested was, at</p> <p>23 the time of acquisition, I wanted to see what</p> <p>24 funds were available. All the other stuff was</p> <p>25 being coordinated by Bill Kelly, the lawyers, and</p>	<p style="text-align: right;">Page 160</p> <p>1 from you. And I'm assuming that's, again, your</p> <p>2 signature at the bottom?</p> <p>3 A That is. That is.</p> <p>4 Q And this is from your Q Resorts account</p> <p>5 one point five million being wired to the Spiegel</p> <p>6 Sohmer in trust account. And if you go down,</p> <p>7 after you see account name, it says, "This wire</p> <p>8 transfer is for Mr. Ariel I. Quiros's acquisition</p> <p>9 of Jay Peak Resort."</p> <p>10 Do you see that?</p> <p>11 A Yes.</p> <p>12 Q Okay. So on July 1st, 2008, you</p> <p>13 authorized Raymond James to wire one point five</p> <p>14 million from your Q Resorts account to Spiegel</p> <p>15 Sohmer as part of the acquisition of Jay Peak?</p> <p>16 A Yes.</p> <p>17 Q Okay.</p> <p>18 A This is one -- the other one from Asia</p> <p>19 is one million. This is the one point five that I</p> <p>20 sent. So the one million that I was telling you</p> <p>21 about Asia, that I'll get you backup data for</p> <p>22 that, that I tell you is a loan, it's one million,</p> <p>23 not one point five. The other one point five is</p> <p>24 this one.</p> <p>25 Q Do you know whether or not -- do you</p>
<p style="text-align: right;">Page 159</p> <p>1 Bill Stenger. I really wasn't part of that whole</p> <p>2 deal.</p> <p>3 Q But July 1st -- assuming this is July</p> <p>4 1st, 2008, that's a handful of days, five days</p> <p>5 past the acquisition.</p> <p>6 A He should've been on my side by that</p> <p>7 time.</p> <p>8 Q Okay.</p> <p>9 So more like you asked him, or Mr. Kelly</p> <p>10 on your behalf asked him to wire this six hundred</p> <p>11 thousand?</p> <p>12 A No, I didn't ask. Nor I don't ask and</p> <p>13 nor would I say that Kelly asked, because I don't</p> <p>14 know.</p> <p>15 Q So you think Stenger did this on his</p> <p>16 own?</p> <p>17 A I don't know. I have to see. That's</p> <p>18 why I feel bad, because I can't give you a</p> <p>19 straight answer. I don't know.</p> <p>20 Q Okay.</p> <p>21 All right. So we have that six hundred</p> <p>22 thousand going from Phase II at Chittenden Bank</p> <p>23 investor funds to Q Resorts. If you flip to the</p> <p>24 next page also on tab eight, you'll see it's also</p> <p>25 July 1st, 2008. And here we have a wire request</p>	<p style="text-align: right;">Page 161</p> <p>1 know whether or not this six hundred thousand</p> <p>2 that's on the prior page, whether that six hundred</p> <p>3 thousand is included in this one point five</p> <p>4 million you sent?</p> <p>5 A No, I wouldn't know.</p> <p>6 Q You would not know?</p> <p>7 A I wouldn't know.</p> <p>8 Q Okay. But it's on the same day?</p> <p>9 A Okay.</p> <p>10 Q Okay. So you said you don't know either</p> <p>11 way whether the six hundred thousand that came</p> <p>12 from the Phase I investors -- sorry, the Phase II</p> <p>13 investors was included in that one point five</p> <p>14 million that was transferred to Spiegel Sohmer</p> <p>15 from your Q Resorts account for the acquisition?</p> <p>16 A I don't know. I don't know.</p> <p>17 These last minute funds that you're</p> <p>18 seeing, the only thing I can tell you -- and I</p> <p>19 will get you the exact answer. Just give me a few</p> <p>20 days and I'll get you the exact answer. But just</p> <p>21 for this argument and for this meeting, I can tell</p> <p>22 you that all of these amounts going out were the</p> <p>23 last cleanups that were taking part with either</p> <p>24 taxes or permits. It's -- this is what I'm</p> <p>25 witnessing that I think this is all about. Because</p>

1 at the last minute, there were things that we had
 2 to pay and also they had to pay because they were
 3 still on documents. The transition was quite
 4 long. So I will verify what each one of these
 5 payments were made for.
 6 Q But you do see what's happening is that
 7 the amounts that are coming from the investor LP
 8 I, LP II accounts seem to be increasing?
 9 A No, I don't see. I see a Q Resorts
 10 account.
 11 Q Okay.
 12 So do you see them originating from the
 13 LP I, LP II account?
 14 A No. No. I see it coming out of a
 15 margin account. If anything I use -- if anything
 16 I use, make it very clear, I only used out of my
 17 margin account. Make that very, very, very clear.
 18 I cannot -- but I'll give you the exact answers
 19 for these documents.
 20 THE WITNESS: Have they gotten George's
 21 schedule of how all the funds are follow through?
 22 MR. GORDON: Let's talk about this off
 23 the record.
 24 THE WITNESS: Oh, okay.
 25 BY MR. JAMES:

1 Q Let me ask you to turn to tab two.
 2 A Tab two?
 3 Q Yes.
 4 And once you're at tab two, I'm going to
 5 ask you to turn your attention to Bates number
 6 955.
 7 You see that?
 8 A Yes.
 9 Q So this is an account statement. And,
 10 again, this is Bates number 955. This is an
 11 account statement for your Q Resorts account at
 12 Raymond James.
 13 You see that?
 14 A Yes. Yes.
 15 Q Okay. That's account number 4772.
 16 Do you see that at the top right-hand
 17 corner?
 18 A Yes.
 19 Q Okay.
 20 So according to -- and this is the
 21 account statement for the time period of June 30th
 22 to July 31st, 2008. So, again, this is right
 23 around the time of the closing.
 24 So as you can see, the beginning
 25 balance, do you see that as six thousand, nine

1 hundred twenty-seven dollars and thirty-eight
 2 cents.
 3 Do you see that?
 4 A Yes.
 5 Q So at the time of this account, that was
 6 the beginning balance for that time period. So
 7 you see that six hundred thousand that we just
 8 talked that came in from the Phase II account at
 9 Chittenden Bank?
 10 A Yes, sir.
 11 Q So at this point in time, the only
 12 monies in that account is that initial six, plus
 13 thousand. Now you have six hundred thousand that
 14 comes in in Phase II investor funds.
 15 The next one down, you see a million
 16 dollars. You see that deposit of a million right
 17 after the six hundred thousand? And that also is
 18 an incoming wire from the Chittenden trust account
 19 where the investor funds are. Do you see that?
 20 A Uh-huh.
 21 Q Okay.
 22 So at this point in time, you start off
 23 with six thousand. And then Mr. Stenger wires in
 24 from the LP II account at Chittenden Bank into
 25 this account six hundred thousand. And then we

1 have another wire coming in from that Chittenden
 2 Bank account of a million.
 3 So now you have one point six million of
 4 investor funds that came in. And then we have
 5 that one point five wire that you executed that
 6 went out from the Q Resorts account to Spiegel
 7 Sohmer.
 8 So essentially what this appears to show
 9 is that the one point five million that went out
 10 came from that one point six million that came in
 11 from the Phase II investor funds.
 12 Do you see that?
 13 A Yes.
 14 Q Okay.
 15 And I know you said it came from the
 16 margin, but is your testimony still the same based
 17 on the statement?
 18 A I clearly understand what you're trying
 19 to get at. Whatever funds were consumed were my
 20 funds, number one. I cannot give you an
 21 explanation.
 22 But you keep on referring to investors'
 23 funds. I did not use investor funds. Whatever
 24 funds I took into my account, I had full control,
 25 and it was my funds, my corporate funds.

<p style="text-align: right;">Page 166</p> <p>1 So I cannot address it to you, because</p> <p>2 you're asking me this particular question, and I</p> <p>3 cannot answer you. So it doesn't sound so good</p> <p>4 because I cannot explain it to you. But I will</p> <p>5 get you the answer.</p> <p>6 But instead of saying investor funds,</p> <p>7 it's hard for me to agree with you, because some</p> <p>8 of those investor funds belonged to my company.</p> <p>9 Some of those investor funds belonged to Q</p> <p>10 Resorts. Some of those investor funds belonged to</p> <p>11 the investors. And some of those investor funds</p> <p>12 belonged to vendors that had already contracted</p> <p>13 out the work prior to my purchase.</p> <p>14 So I'm understanding what you're saying.</p> <p>15 I think now I clearly understand. What</p> <p>16 everybody's trying to get at is that I used other</p> <p>17 people's money to buy Jay Peak, and that is one</p> <p>18 hellacious false statement, very false statement.</p> <p>19 I can show that, and I've shown that with</p> <p>20 documents. But you're asking me here, and I will</p> <p>21 address it to you because I want it to be so</p> <p>22 clear, that that is not the case, never has and</p> <p>23 never will.</p> <p>24 So I will get you the answers, because</p> <p>25 there is reason for you to believe that. If you</p>	<p style="text-align: right;">Page 168</p> <p>1 bank, that Mr. Stenger transferred six hundred</p> <p>2 thousand to Q Resorts account and another one</p> <p>3 million was transferred from LP I account, and</p> <p>4 then those amounts were wired by you to Spiegel</p> <p>5 Sohmer in payment? So based on this document, it</p> <p>6 appears that the money that was used are the funds</p> <p>7 that originated with investors. Do you see how</p> <p>8 this document says that?</p> <p>9 A No, because you cannot say it like that.</p> <p>10 Because I know one thing, when Raymond James makes</p> <p>11 these statements, they put the money in Q Resorts.</p> <p>12 The funds was probably used as a guarantee, my</p> <p>13 funds in Jay Peak I, Jay Peak II, but it's being</p> <p>14 distributed -- could have been distributed through</p> <p>15 the margins.</p> <p>16 Or the funds are being sent -- and I'm</p> <p>17 noticing that you're telling me that the money's</p> <p>18 also being sent back to these people. I don't</p> <p>19 know what they were doing. I have to verify if</p> <p>20 those particular funds belong back to MSSSI, as it</p> <p>21 shows in one of those documents, the two ninety. I</p> <p>22 don't know what that's for. So I have to verify</p> <p>23 why those funds were being sent like this.</p> <p>24 But apart from that, I just want you to</p> <p>25 know I didn't use other people's money. I used</p>
<p style="text-align: right;">Page 167</p> <p>1 don't have the answers, it clearly shows it like</p> <p>2 that. I understand. Or maybe -- I know we</p> <p>3 submitted all the documents. So I don't know what</p> <p>4 you have read thus far. Believe me, you've read</p> <p>5 enough. But I will address it. Give me a few</p> <p>6 days, and I'll get you that answer, and then you</p> <p>7 can see from there how it all went through. Then</p> <p>8 I can -- you can see for yourself.</p> <p>9 But you have to stop using investor</p> <p>10 funds. I'm not using investor funds. I wouldn't</p> <p>11 dare use investor -- how am I going to build a</p> <p>12 resort? And that's the way I think I can address</p> <p>13 this to you, because otherwise I'm going to get</p> <p>14 myself into ambiguities of talking, which is</p> <p>15 really showing a bad representation of something</p> <p>16 that really never occurred.</p> <p>17 Q But you do see based on what I just laid</p> <p>18 out for you --</p> <p>19 A Yes, clearly.</p> <p>20 Q -- this is how it actually appears in</p> <p>21 the statement --</p> <p>22 A Clearly.</p> <p>23 Q Let me finish.</p> <p>24 -- that these are funds that the</p> <p>25 investors put into LP I and LP II at Chittenden</p>	<p style="text-align: right;">Page 169</p> <p>1 what was pertaining to me and my company at the</p> <p>2 time of acquisition.</p> <p>3 And they not only owed me thirteen</p> <p>4 million, what was really sent, as you can see from</p> <p>5 those documents, they owed me much more money. At</p> <p>6 the time of closing, again I repeat, it was in</p> <p>7 excess of over sixteen to seventeen million</p> <p>8 dollars. I only used thirteen of those funds. And</p> <p>9 that is by them. That's not by me.</p> <p>10 MS. LAMA: And this sixteen to seventeen</p> <p>11 million, this was reflected on a schedule? Did</p> <p>12 you refer to a schedule earlier in your testimony,</p> <p>13 which detailed the sixteen to seventeen million?</p> <p>14 THE WITNESS: Yes, of course.</p> <p>15 MR. JAMES: And I think Mr. Gordon said</p> <p>16 that was produced?</p> <p>17 THE WITNESS: (The witness nods head.)</p> <p>18 MR. JAMES: Is there anyway you could</p> <p>19 locate the Bates number for that document as you</p> <p>20 sit here?</p> <p>21 MR. GORDON: I can tell you that there's</p> <p>22 a balance sheet that shows the amount owed.</p> <p>23 MR. JAMES: An MSSSI balance sheet?</p> <p>24 MR. GORDON: No. There's a balance</p> <p>25 sheet dated January 27th -- I'm going to point out</p>

<p style="text-align: right;">Page 170</p> <p>1 a couple of things to you.</p> <p>2 MR. JAMES: Wait. Wait.</p> <p>3 MR. GORDON: Well, I mean, you're asking</p> <p>4 me.</p> <p>5 MS. LAMA: We're asking you for a Bates</p> <p>6 number.</p> <p>7 MR. JAMES: Of the document.</p> <p>8 MR. GORDON: I can't give it to you.</p> <p>9 Sorry. Not sitting here. There are three hundred</p> <p>10 thousand Bates numbers in this case. But if you</p> <p>11 want me to tell you the document, what it says, I</p> <p>12 will tell you that.</p> <p>13 MR. JAMES: Well, you can tell me the</p> <p>14 date of the document.</p> <p>15 MR. GORDON: January 27th of 2008, plus</p> <p>16 June 20th, 2008. There are two documents that you</p> <p>17 guys really need to look at carefully.</p> <p>18 MR. JAMES: Okay. So these are balance</p> <p>19 sheets, you said?</p> <p>20 MR. GORDON: One is a balance sheet. One</p> <p>21 is letter giving title and control to Q Resorts of</p> <p>22 the funds that you're talking about, quote, title</p> <p>23 and control was transferred to Q Resorts on June</p> <p>24 20th, 2008 by MSSI.</p> <p>25 MR. JAMES: Okay. So that's the June</p>	<p style="text-align: right;">Page 172</p> <p>1 we have two pages. The first one has a Bates</p> <p>2 number RJA-QUIROS-000203, and the second one is</p> <p>3 RJA-QUIROS-000019.</p> <p>4 Starting with the 203 number, this is an</p> <p>5 authority to transfer funds, Raymond James, and it</p> <p>6 has a client signature at the bottom. Is that</p> <p>7 your signature, by chance?</p> <p>8 A Yes.</p> <p>9 Q Okay.</p> <p>10 And if you take a look at this document,</p> <p>11 it says why you're instructing or authorizing</p> <p>12 Raymond James to do --</p> <p>13 A Yeah.</p> <p>14 Q -- is to transfer from the Jay Peak</p> <p>15 Hotel Suites LP I account, transfer one million to</p> <p>16 the Q Resorts Raymond James account, which is that</p> <p>17 number ending in 4772.</p> <p>18 A Okay.</p> <p>19 Q Do you see that?</p> <p>20 A Yes, sir.</p> <p>21 Q And, again, the date of this is -- well,</p> <p>22 it says completed June -- August 29th.</p> <p>23 A Yes, sir.</p> <p>24 Q And it's dated August 29th, 2008. Do</p> <p>25 you see that?</p>
<p style="text-align: right;">Page 171</p> <p>1 20th, 2008 one?</p> <p>2 MR. GORDON: That's the one. And then</p> <p>3 you'll see there's a balance -- you want me to</p> <p>4 tell you what it says or no?</p> <p>5 MR. JAMES: The balance sheet is the</p> <p>6 June 27th, 2008?</p> <p>7 MR. GORDON: January 27th, 2008.</p> <p>8 MR. JAMES: Sorry. Sorry.</p> <p>9 And that was produced by Jay Peak, JPI?</p> <p>10 MR. GORDON: I'm pretty sure -- well, I</p> <p>11 remember it being produced by Bill Kelly, but it's</p> <p>12 probably also been produced by Jay Peak, Inc.</p> <p>13 MR. JAMES: Okay.</p> <p>14 THE WITNESS: I'm so sorry for the</p> <p>15 confusion.</p> <p>16 BY MR. JAMES:</p> <p>17 Q No. No.</p> <p>18 Let's turn -- let's go back -- we're</p> <p>19 still in the binder. Sorry. I think we're on tab</p> <p>20 nine.</p> <p>21 Let me know when you've had a chance to</p> <p>22 look it over.</p> <p>23 A Okay. Okay.</p> <p>24 Q One second, sir.</p> <p>25 So now we're in tab nine. And, again,</p>	<p style="text-align: right;">Page 173</p> <p>1 A Yes.</p> <p>2 Q Have you seen this document before?</p> <p>3 A Yes.</p> <p>4 Q What's this transfer of one million?</p> <p>5 A I don't know. I don't know. I don't</p> <p>6 know. I have to look at these -- we have -- I</p> <p>7 don't know.</p> <p>8 Q But you do see that the money is going</p> <p>9 into Q Resorts from the LP I investor account? Do</p> <p>10 you see that?</p> <p>11 A You only have one sheet.</p> <p>12 Q No. That first sheet. If you look,</p> <p>13 it's from the Jay Peak Hotel Suites LP I investor</p> <p>14 account to Q Resorts.</p> <p>15 A Okay.</p> <p>16 Q So, again, we have the million coming</p> <p>17 out of that account and going into your Q Resorts</p> <p>18 account.</p> <p>19 A Okay. That's fine.</p> <p>20 Q If you turn to the next page, the one</p> <p>21 that ends in Bates number 19, same date, August</p> <p>22 29th, 2008. Again, is this your signature</p> <p>23 authorizing this wire transfer at the bottom?</p> <p>24 A Okay. I understand.</p> <p>25 Q And here we see that the one million</p>

<p style="text-align: right;">Page 174</p> <p>1 that was transferred from LP --</p> <p>2 MS. LAMA: We're still behind tab nine.</p> <p>3 THE WITNESS: I know.</p> <p>4 MR. JAMES: Yeah, but he's comparing.</p> <p>5 THE WITNESS: I know.</p> <p>6 BY MR. JAMES:</p> <p>7 Q So you have that one million that was</p> <p>8 transferred from LP I account to Q Resorts. And</p> <p>9 then you issue a wire transfer, basically,</p> <p>10 transferring one million from Q Resorts to Spiegel</p> <p>11 Sohmer. And, again, it says, "This wire transfer</p> <p>12 is from Mr. Ariel Quiros's acquisition of Jay Peak</p> <p>13 Resort."</p> <p>14 A I understand.</p> <p>15 Q Any recollection as to why the one</p> <p>16 million that appears to have originated from LP</p> <p>17 II -- sorry, LP I account is now being wired to</p> <p>18 Spiegel Sohmer for your acquisition of Jay Peak?</p> <p>19 A I don't know.</p> <p>20 Q And I'll do two these together. If you</p> <p>21 turn to tabs ten. And, again, it's, basically,</p> <p>22 the same pattern. On the first page, you're</p> <p>23 seeing two hundred sixty thousand being</p> <p>24 transferred from LP I to Q Resorts account. And</p> <p>25 then when you turn over to the next page, again,</p>	<p style="text-align: right;">Page 176</p> <p>1 Do you see that?</p> <p>2 A Yes.</p> <p>3 Q Any recollection why the five hundred</p> <p>4 thousand from LP I was transferred to Q Resorts</p> <p>5 and then transferred to Spiegel Sohmer in payment</p> <p>6 of the acquisition?</p> <p>7 A No. No.</p> <p>8 Q And just one more, tab twelve. In this</p> <p>9 instance, we have three million, and this one is</p> <p>10 from Jay Peak Hotel Suites I to Q Resorts, and</p> <p>11 this is for three million. And the date is</p> <p>12 September 25th, 2008.</p> <p>13 And then if you flip the page to the one</p> <p>14 that ends in Bates number 90. Also, dated</p> <p>15 September 25th. Also, reflecting your signature.</p> <p>16 Two point five million of that money that came</p> <p>17 into Q Resorts is being wired to Spiegel Sohmer.</p> <p>18 Again, it says, "This wire transfer is for Mr.</p> <p>19 Ariel I. Quiros's acquisition of Jay Peak Resort."</p> <p>20 Do you see that?</p> <p>21 A Yes.</p> <p>22 Q And same question, any recollection, as</p> <p>23 you sit here today, why the three million from</p> <p>24 Hotel Suites I went to Q Resorts and then two</p> <p>25 point five million was sent to Spiegel Sohmer?</p>
<p style="text-align: right;">Page 175</p> <p>1 same date, that amount is being wired to the</p> <p>2 Burgess law firm.</p> <p>3 A Yes, I remember.</p> <p>4 Q That same two hundred and sixty</p> <p>5 thousand. And this time, it says, "This wire</p> <p>6 transfer is for lawyer fees." Do you see that?</p> <p>7 A Yeah. He billed me for that.</p> <p>8 Q Those were fees in connection with the</p> <p>9 acquisition?</p> <p>10 A The closing, yes.</p> <p>11 Q The closing.</p> <p>12 A Yes.</p> <p>13 Q All right. If you go to tab eleven.</p> <p>14 Again, money from LP I investor account to Q</p> <p>15 Resorts. This time it appears to be you</p> <p>16 authorizing five hundred thousand dollars to be</p> <p>17 transferred from the LP I account to the Q Resorts</p> <p>18 account.</p> <p>19 And then if you turn to the next page,</p> <p>20 you'll see that you then authorized that money to</p> <p>21 be wired from your Q Resorts account, five hundred</p> <p>22 thousand, to Spiegel Sohmer. And, again, it says,</p> <p>23 "This wire transfer is for Mr. Ariel I. Quiros's</p> <p>24 acquisition of Jay Peak Resort." And, again, it's</p> <p>25 signed by yourself.</p>	<p style="text-align: right;">Page 177</p> <p>1 A No. No. No, I don't know. But we have</p> <p>2 a very, very logical answer for those. I -- I</p> <p>3 know that there was two point -- there was some</p> <p>4 money that came out of the Chittenden Bank that</p> <p>5 was closing, and they deposited into Q Resorts,</p> <p>6 but it wasn't really my money. It was their</p> <p>7 money.</p> <p>8 Chittenden Bank had extra money from one</p> <p>9 of their lines, and they sent it over to Q</p> <p>10 Resorts, and we sent it back up to them. I know</p> <p>11 that happened once or twice.</p> <p>12 Q Do you remember how much?</p> <p>13 A No. No. That's -- that's -- but I'll</p> <p>14 get the answers to these.</p> <p>15 Q But would those entries be reflected on</p> <p>16 the Q Resorts bank statements?</p> <p>17 A Yes. Yes.</p> <p>18 Q So it would show money coming in from --</p> <p>19 from where?</p> <p>20 A Chittenden Bank. It was at that time</p> <p>21 called Chittenden Bank.</p> <p>22 Q Do you know if it was LP I or LP II?</p> <p>23 A Nothing to do with that. This is Jay</p> <p>24 Peak, Inc.'s account that belonged to MSSJ, not</p> <p>25 this personal -- this thing that you guys are on.</p>

1 I don't use these people's money, other
2 than to build a resort. And what is -- what is
3 coming out, you keep on saying that and I
4 understand, but it's not. It's more complex than
5 what is looking like this.

6 It's -- we couldn't. I mean, we were
7 being watched by everybody. I wouldn't let it
8 happen anyway. But I will verify -- these last
9 months accounts for the ending of the closing is
10 verifiable, clearly verifiable.

11 **Q But you do agree that it's not**
12 **permissible to use monies that the investors**
13 **contributed to construct the project, it's not**
14 **permissible to then use that money to acquire Jay**
15 **Peak?**

16 A Of course. Of course.

17 **Q Okay.**

18 A And that's common sense. That's a
19 common sense. And for sure it's a common sense.

20 **Q Okay.**

21 **The margin loans, tell me about those. I**
22 **know you referenced them a couple of times. Tell**
23 **me about the margin loans.**

24 A The margin loans were nothing less than
25 us building up LP I, LP II, LP III, LP IV, LP V,

1 LP VI. We build those up. And as Bill Stenger
2 bills, I take out from the margin. I don't take
3 the money -- so you'll see lots of transactions
4 between these accounts, as these get sent out to Q
5 Resorts and from Q Resorts to Jay Peak for the
6 first three years. The balance of the other two
7 years, I'll tell you, but that's the way we
8 proceeded the first time when I was handling it by
9 myself. And it would go through Q Resorts and
10 back up.

11 I wouldn't touch these margins unless
12 they matured. And if they matured, I would --
13 they would sell it and replace it with the margin.
14 That's what they did.

15 **Q You mean, the T-bills you're saying?**

16 A Yes, sir.

17 **Q Say that again. I think you may have**
18 **said margin twice. So you have the margin**
19 **account?**

20 A Yeah.

21 **Q Okay.**

22 **And what is the margin account used for?**

23 A To pay me, to pay the mezzanine finance
24 that these guys need to build a resort during the
25 summer months and winter months, so that there

1 wouldn't be any delay of construction, based on
2 these buckets and the funds that are in the
3 buckets.

4 So I was able to facilitate whatever
5 Bill Stenger wanted through the margin, because I
6 had the Treasury bills guaranteeing the margin.

7 **Q So the Treasury bills was purchased with**
8 **the investor funds?**

9 A The Treasury bills were purchased with
10 investor funds.

11 **Q Okay.**

12 So you have the investor invest their
13 money in LP I, just as an example. So they put
14 the five hundred thousand in LP I. Mr. Stenger,
15 once the 526 is approved, Mr. Stenger does the
16 authorization to transfer that five hundred
17 thousand to the LP I account at Raymond James; is
18 that --

19 A Yes.

20 **Q Okay.**

21 So once that money is now in the LP I
22 account at Raymond James, is that -- what you're
23 testifying to is that at that point that five
24 hundred thousand is used to purchase Treasury
25 bills?

1 A Yes.

2 **Q Okay.**

3 **How does the margin come into play at**
4 **that point in time?**

5 A Let's assume it's five hundred thousand.
6 It matures a year from now. I use the margin. And
7 let's say Bill Stenger needs money next week. I
8 can't use this because I already have it in
9 Treasury bills. And that's all I would leave it
10 in. Then I would use the margin, take out the
11 four hundred thousand, and send it to Bill Stenger
12 with no delay.

13 **Q So the margin is -- the collateral for**
14 **the margin is the investor account?**

15 MS. LAMA: What is the collateral for
16 the margin?

17 THE WITNESS: The collateral for the
18 margin is Jay Peak, Q Resorts, because it signs
19 for all of that, plus the accounts that has the
20 money inside of Jay Peak I and Jay Peak II or Jay
21 Peak III. I added on the list as we keep on going
22 along, or I deplete the list, like Jay Peak I, we
23 had to take it off because we finished the
24 project. And we go to Jay Peak II. Once that's
25 done, I take it out of the list. And Jay Peak

1 III, I take it out of the list. Jay Peak IV, I
2 take -- but who signs for that is Q Resorts, me,
3 Jay Peak, me.

4 And plus what funds that or what gives
5 them the power to give me that margin are the
6 monies that we put in Jay Peak I and Jay Peak II
7 from the investors.

8 What's confusing is is that you see me
9 taking money out of there, because what's also in
10 those monies, those five hundred thousand is my
11 profits, my this, my that. That's why you have a
12 schedule of what's mine. And that's what you see
13 me also taking out.

14 BY MR. JAMES:

15 **Q Okay.**

16 And when you Jay Peak I and Jay Peak II,
17 is that LP I, LP II, the limited partnership?

18 A I don't know -- yeah, Jay Peak I, Jay
19 Peak II, Jay Peak III, that's the way we do.

20 **Q Okay. But that's the same thing as
21 limited partnership number I?**

22 A Yes. LP I, LP II, LP III, LP IV, LP V,
23 LP VI.

24 **Q And then you go to Golf and Mountain --
25 okay.**

1 (Ms. Sindler leaves the room.)

2 BY MR. JAMES:

3 **Q So the margin loan is -- the collateral
4 for that is, you mentioned Q Resorts and Jay Peak,
5 Inc. It's also the LP I, LP II. And I think you
6 said once --**

7 A Once one bucket is finished and we
8 finish the project, we deplete it from the list.
9 Raymond James makes another letter I sign. And
10 that's how we go throughout all the accounts.

11 That's why we were able -- that's why we
12 were able to complete the accounts with -- that's
13 why we were able to complete all the projects
14 without any fault. There was no fault. There was
15 no delay of anything.

16 And now we're all done. Six years
17 later -- six and a half years later, all of my
18 projects have been funded. All of my projects are
19 done. I don't owe nobody no money.

20 And also something that you should know,
21 Jay Peak and Q Resorts has no debt. It's the only
22 resort -- and because of this investigation --
23 because of this investigation, it caused
24 horrendous problems for us, because we're thin
25 strapped, and we've been supporting and supporting

1 all these documents. It has caused -- but you
2 came just at the end, so that was perfect because
3 it's all finished and it's all done. It has cost
4 us a lot of time and effort.

5 **Q How many margin loans exist or have
6 existed?**

7 A Throughout those years?

8 **Q Uh-huh.**

9 A One, two -- two.

10 **Q Two. Okay.**

11 **So tell me about the first one. When
12 was the first one created or opened?**

13 A Right from day one.

14 **Q Okay. So in June of 2008?**

15 A From day one of the acquisition of Jay
16 Peak until -- until maybe two and a half or three
17 years -- two years ago.

18 **Q And two years ago would be 2012?**

19 A Around. Around. I have those dates.
20 You have them in the statements.

21 **Q So you said there was how many?**

22 A Two.

23 **Q Two.**

24 A I paid it off and then reestablished
25 another one.

1 **Q Okay. And when did you do the payoff?
2 Was that 2012 or was that earlier?**

3 A I don't know. I think it's around 2012.
4 It's about the time that I got the new accountants
5 and the new CPAs.

6 (Ms. Sindler enters the room.)

7 BY MR. JAMES:

8 **Q Mr. Gulisano?**

9 A Mr. Gulisano, Tony, David Rosenbaum,
10 Ken.

11 When I got those guys put into Jay Peak,
12 I paid off those loans. I had the money to pay
13 them off.

14 **Q Okay. And then why were they paid off
15 at that point in time? Any significance of --**

16 A No. No. Just cycling through. The
17 process is cycling through.

18 **Q And what was the source of funds that
19 were used to pay off?**

20 A My monies.

21 **Q Okay.**

22 **And I know you use my monies. Let's dig
23 deeper.**

24 A What is my money?

25 **Q Yes.**

1 A LP I, LP II, if you add all those up,
2 argument's sake, three hundred million. Three
3 hundred million for principal, multiply by twenty
4 percent, how much?

5 **Q But let's figure a number out.**

6 A A hundred and twenty million. That
7 is --

8 MR. GORDON: Can I correct? Sorry. Go
9 ahead.

10 THE WITNESS: No matter what you said, a
11 hundred -- let's for argument, round figures.

12 BY MR. JAMES:

13 **Q Yeah. Right.**

14 A From that money, one hundred million
15 belonged to me. That's how it works. Twenty
16 percent, twenty percent, twenty percent, twenty
17 percent, twenty percent, twenty percent. Approved
18 by the government. Approved by SEC. Approved by
19 the writers of the SEC. Approved by EB-5 people.
20 Approved by the State. And approved by our EB-5
21 State-run program. They agreed that this is the
22 profit that will be taken out.

23 **Q You said the writers of the SEC?**

24 A My SEC lawyers.

25 **Q Oh, okay.**

1 A All of those people, this is your profit
2 for this program.

3 So to micro what's being done now is
4 fine. I want -- I want to answer her hard work,
5 and I want to answer everybody else's hard work
6 for sure because I believe a beautiful story is to
7 be told.

8 But I want to make you guys know there
9 are a hundred million dollars belong to me, a
10 hundred million. No matter how you want to cut
11 it, a hundred million dollars came to me. And
12 where did these funds come through? Through my
13 LPs.

14 And I would take them, but I wouldn't
15 take them right away because I didn't have to. I
16 had the winter heavy too heavy strong, and I
17 pulled back. In the winter months, if you notice
18 the way the payments go. Because in the winter,
19 we cannot build so fast. But as soon as March
20 comes, I start hitting it hard again. And that's
21 how we completed all of the projects.

22 All of my projects are done. We're
23 talking about a closed case. My case is closed
24 for the EB-5 people because I am done. I am
25 finished.

1 But I'm -- in many ways, I'm very happy
2 that this is taking part. A lot has to be
3 learned, and I'm very grateful for your hard work.
4 But I want you to know, show me my hundred
5 million. You seem to know where there money is.
6 Show me my hundred million.

7 **Q Let me ask you this: What's your
8 understanding as to when -- and we can use your
9 hypothetical, your hundred million -- what's your
10 understanding as to when that's actually earned by
11 Jay Peak?**

12 A Through a process. It actually has a
13 time clock. It actually has a time clock.

14 When they sell the land, I'm supposed to
15 take the money. When they get the permits, I'm
16 supposed to take the money. When they get the
17 permits, I'm supposed to get my money. When they
18 build, for argument's sake, I'm not a contractor,
19 but there's a scale, and then they will tell me
20 when I can pull the money, ten percent, twenty
21 percent of the construction. You keep on pulling
22 and pulling and pulling. That's how that works.

23 **Q So it coincides with the actual
24 construction itself?**

25 A It coincides with construction. There's

1 a time table. How much of that time table I can
2 repeat to you, I don't know. I have my COO and my
3 CFOs, they'll explain it to you more clearly. And
4 this is why I'm showing that, but that's how it
5 works.

6 **Q So, for example, in your hypothetical
7 you mentioned the twenty percent from each
8 project. For project one, do you earn that twenty
9 percent on day one of that project being created,
10 or is it earned as you go through the actual
11 construction?**

12 A Yeah, of course. The twenty percent
13 composes this way, it's really fifteen and then
14 there's five. I don't want you to be confused,
15 but I'm trying to talk fast, so you can have a
16 ballpark figure.

17 It's that number that I'm focused. How
18 and how and how to take is subject to so many
19 opinion of how that's done. But my cliché --
20 my -- regardless of what anybody says, if these
21 projects get 829, I'm done. Okay. As long as I
22 get the 829s. And all of my projects has the
23 golden seal on them, they all have 829 approvals.
24 For a guy like me that manages from a thousand
25 miles ahead -- a thousand miles high, I know if I

1 got the 829, everything was being done correctly.
 2 But I do want you to know, I was -- Jay
 3 Peak does have a dark story on an another side,
 4 which if you want, I can elaborate. But that's
 5 the way it works. That's the way it happens.
 6 That's exactly what happened.

7 And I was catching up to take this
 8 hundred million. And to make the story even worse
 9 than that, it never came to me, because I had to
 10 pay overruns. I had to pay taxes. I had to pay a
 11 colossal mishap that happened in the first two
 12 years.

13 It wasn't until I got the Miami lawyers
 14 and the Miami accountants and the Miami CFOs, the
 15 crack mechanics, flow them up there, did we
 16 re-justify everything and re-made everything to
 17 where we were able to get all our 829s, pay all
 18 our taxes. We're up to par with all our taxes,
 19 almost twenty million.

20 Where did all that money come from? From
 21 my profit. I never made that money. Maybe a few
 22 million, maybe a few million came my way, because
 23 I did other projects and other projects. That's
 24 about it.

25 But if she does her accounting, she's

1 going to see, that where did all the money come
 2 from? It call came from my profit. I don't have
 3 it. I paid it all back from those twenty percent.
 4 And I paid it back because at the end, I have Jay
 5 Peak. And I guess that's the way to look at it;
 6 otherwise, I'll go crazy.

7 But it does have a dark story to why it
 8 happened that way that didn't coincide with my
 9 leadership. And that was what I always tell you,
 10 the first two years, it always went out of Q
 11 Resorts. So you can monitor my money flow by Q
 12 Resorts. I want her to do that. This -- and she
 13 did. Now, I will tell her what it was, and I
 14 will. But that's how it was.

15 And then the next two years, the next
 16 three years, four years was done by all the CPAs
 17 and all the accountants. And everything has
 18 worked very well until a year ago when you guys
 19 came with this ridiculous thing here.

20 **Q So let me ask you, so you have -- I**
 21 **think your testimony is that you paid off the**
 22 **first margin loan, you think, about two years ago,**
 23 **and then you opened up a second one?**

24 A Yes.

25 **Q And the funds that you used to pay off**

1 **the first margin loan, I think what you said and**
 2 **correct me if I'm wrong, is that, obviously, it**
 3 **came from the investor funds, but you're saying**
 4 **that portion is your profits, your fees, so you**
 5 **were entitled to use it for that. So now you have**
 6 **a second margin loan. Was that one paid off at**
 7 **some point in time?**

8 A Yes. Those were -- those were -- one
 9 was about twenty million, just to give you
 10 ballpark numbers. And the first one was about
 11 twenty-two million, twenty-three million. So
 12 together, forty some odd million.

13 The other money was paid to taxes and
 14 all the overruns. And there is where I get so
 15 mad. Now you get me mad. Now I'm mad. All my
 16 money went to this colossal mess up of that these
 17 guys did the first two years.

18 And I'm very proud. I've got the number
 19 one accountants. David Rosenbaum led me, led me
 20 through this thing and fought for us and cleared
 21 everything up with our CFO. And then he hired --
 22 then through reasons of timing and things like
 23 this, they couldn't finish it. And then Tony and
 24 his firm got everything, and they said everything
 25 is fine. And then Ken said everything is fine.

1 So -- but most important we addressed
 2 all the tax issues, which was -- you guys are
 3 looking at one part. I'm also looking at the IRS.
 4 And the IRS was all taken care of, all paid in
 5 advance. We did a very good job.

6 **Q But the second margin loan, when was**
 7 **that paid off?**

8 A That was paid off a few -- I would say
 9 ninety days ago.

10 **Q Okay.**

11 **And the funds that were used to pay off**
 12 **that margin loan, where did those funds come from?**

13 A They came from the profits.

14 **Q Okay. And, again, you say profits, but**
 15 **this is the investor funds that were invested with**
 16 **the projects?**

17 A No. This is a different case, because
 18 we set up another -- now you have to go and switch
 19 to another system that we applied, and that
 20 started because of David Rosenbaum and another
 21 man. So you cannot just say it that way.

22 **Q Okay.**

23 A That's going to confuse everybody. But
 24 that's -- what I've explained to you is all of
 25 part one. Now we go to part two.

<p style="text-align: right;">Page 194</p> <p>1 Q But just to be clear, so like the first</p> <p>2 margin loan, the second one was paid off using --</p> <p>3 and you call it profits, but profits in that this</p> <p>4 was your portion of what the investors contributed</p> <p>5 to the project?</p> <p>6 A Yes and no, because we have another</p> <p>7 company that's called JCM.</p> <p>8 Q JCM. Okay.</p> <p>9 A JCM. You want me to explain that story?</p> <p>10 Q Does it relate to the margin pay off?</p> <p>11 A Yeah, of course. Of course. Because I</p> <p>12 paid the margins through the JCM.</p> <p>13 Q Okay. Go ahead.</p> <p>14 A If you want to know that.</p> <p>15 Q Yeah, please. Go ahead. And JCM stands</p> <p>16 for?</p> <p>17 A Jay Construction Management.</p> <p>18 Q Okay.</p> <p>19 A We get up to the second year -- I want</p> <p>20 to try to go fast forward, so I can --</p> <p>21 otherwise -- but I'll try to do my best. If you</p> <p>22 have questions, just tell me.</p> <p>23 JCM was made by another man, who was a</p> <p>24 tyrant. A guy by the name of Douglas. Okay?</p> <p>25 Q Douglas?</p>	<p style="text-align: right;">Page 196</p> <p>1 much about this IRS. I don't know much about</p> <p>2 these tax issues and complexity. I decided to</p> <p>3 hire David Rosenbaum, who came. And he sent</p> <p>4 George -- he sent a few men, but George was one of</p> <p>5 them, to Jay Peak to survey the problem at Jay</p> <p>6 Peak.</p> <p>7 When they came back, I found out that</p> <p>8 the reason that all these funds were being</p> <p>9 consumed was because they had gone over by more</p> <p>10 than forty million.</p> <p>11 Q On the construction of the projects, the</p> <p>12 costs?</p> <p>13 A Everything. And the taxes were not</p> <p>14 paid, blah, blah, blah, the right way.</p> <p>15 This Douglas became so of a tyrant. He</p> <p>16 only visited me four or five times. Once I met</p> <p>17 him in Jay Peak. Twice, he came to my office. And</p> <p>18 then finally the third time, I demanded that he</p> <p>19 come to my office to teach David Rosenbaum. He</p> <p>20 didn't want to talk.</p> <p>21 Nobody wanted me to hire David</p> <p>22 Rosenbaum. What do you mean you're not going</p> <p>23 to -- no, Quiros, we'll get our own accountants.</p> <p>24 What do you mean? Who are you? I don't even know</p> <p>25 you. You're just the broker getting investors.</p>
<p style="text-align: right;">Page 195</p> <p>1 A Douglas Hulme. Okay.</p> <p>2 When Jay Peak was made -- when Jay Peak</p> <p>3 was being done with this EB-5 program, Douglas's</p> <p>4 function was to get us foreign investors from</p> <p>5 around the world. That was his job. I've met him</p> <p>6 maybe four or five times at the very most. And</p> <p>7 every time I met him was nothing more than to</p> <p>8 scare me -- scare the wits out of me. Scared the</p> <p>9 wits out of me because he always tried to show</p> <p>10 that he was the President, the leader of Jay Peak.</p> <p>11 Because of all of that time has gone by,</p> <p>12 they didn't pay me for Jay Peak I. They didn't</p> <p>13 pay me for Jay Peak II. They didn't pay me for</p> <p>14 Jay Peak III. They were consuming all of the</p> <p>15 money. So I was seeing all of my margins going to</p> <p>16 pay these guys at Jay Peak. I never interfered</p> <p>17 because I believed in Bill Stenger. I saw the</p> <p>18 success. I saw the State supporting. I saw the</p> <p>19 829s flying from there. I never thought there was</p> <p>20 anything wrong.</p> <p>21 When I sent -- when I hired -- when I</p> <p>22 was fed up and there was a big argument in my</p> <p>23 office between Douglas and David Rosenbaum,</p> <p>24 because I couldn't take this -- this tyrant, this</p> <p>25 bully bullying me around. Because I don't know</p>	<p style="text-align: right;">Page 197</p> <p>1 Nothing's ever going to happen to me. I'm a</p> <p>2 foreigner from England, and I got my own servers,</p> <p>3 and I got this, and I got that. If you don't</p> <p>4 follow me, blah, blah, blah. I cannot follow you.</p> <p>5 I already got the report from David Rosenbaum, who</p> <p>6 owns an accounting firm here in Miami. And a very</p> <p>7 nice man who supported me. But when he found out</p> <p>8 what George had reported back, a thirty-page</p> <p>9 report, that's all I had. So I had no -- no</p> <p>10 choice.</p> <p>11 I immediately took the shares away from</p> <p>12 Bill Stenger. That's why I own a hundred percent.</p> <p>13 When David Rosenbaum and George and their</p> <p>14 accounting team explained everything to me, I</p> <p>15 called up the phone within ten seconds and</p> <p>16 withdrew the shares of Bill Stenger immediately.</p> <p>17 What shares does he have? At the time</p> <p>18 of acquisition, I shook his hand, and I gave him</p> <p>19 fifteen percent. And I took them back. I said</p> <p>20 Bill, you're done, give me back the shares until</p> <p>21 we fix this problem.</p> <p>22 David Rosenbaum told me, Quiros, don't</p> <p>23 worry, the damage is okay. We'll fix it. What we</p> <p>24 will do is start, and we'll send a team up there,</p> <p>25 and that's what happened.</p>

<p style="text-align: right;">Page 198</p> <p>1 Bah, bah, bah, to make a long story</p> <p>2 short, within a year everything was good. I knew</p> <p>3 exactly what was owed. And since I had enough</p> <p>4 profits from these buckets, they had enough the</p> <p>5 whereabouts to pay everything off, and everything</p> <p>6 got paid off because I let it happen that way.</p> <p>7 But what I did was, I put him in front</p> <p>8 of David Rosenbaum here in Miami at my office. I'm</p> <p>9 only half a block away. I'm on 1st Street. And I</p> <p>10 put him there, you talk to David Rosenbaum. And</p> <p>11 they started to fight, like Vietnam. I thought I</p> <p>12 was in Korea again. They started to fight and</p> <p>13 bicker.</p> <p>14 But I was afraid that if Douglas left,</p> <p>15 we wouldn't get those foreign investors that were</p> <p>16 coming into the company. So Bill -- David</p> <p>17 Rosenbaum said, Quiros, if they go any further,</p> <p>18 I'm going to walk out of this room. So I said,</p> <p>19 okay, David, leave the room, let's go into my</p> <p>20 office, and he walked to my office from the</p> <p>21 conference room.</p> <p>22 Q Is this 2012? This is early 2012?</p> <p>23 A Somewhere like that. I'm not so good --</p> <p>24 around that, the last time he left.</p> <p>25 And I told this man, you're crazy,</p>	<p style="text-align: right;">Page 200</p> <p>1 Q Who left?</p> <p>2 A Douglas. The next day, he left because</p> <p>3 he knew we caught him.</p> <p>4 It wasn't so hard to fix in this sense,</p> <p>5 just so that you can understand it in this way, I</p> <p>6 gave all my profits back. That's what I did.</p> <p>7 Q What do you mean you gave your profits</p> <p>8 back?</p> <p>9 A I used my monies, my profits to pay back</p> <p>10 all the taxes and all the overruns and everything</p> <p>11 else. All the profits from Jay Peak were put</p> <p>12 back.</p> <p>13 And within a matter of, I would say,</p> <p>14 thirteen to fourteen months, the resort was right</p> <p>15 on track where it is today. And that's -- the</p> <p>16 bad -- the only bad side of this story was the</p> <p>17 first two years. From there on in, all of these</p> <p>18 CPAs and all of these accountants and lawyers,</p> <p>19 they did a great job. And they really put it back</p> <p>20 on to track to the point where we finished</p> <p>21 everything, and we don't owe nobody no money.</p> <p>22 And not only that, I bought back -- I</p> <p>23 gave back the Tram Haus Lodge I. We bought it</p> <p>24 back, and we paid them twenty-seven million</p> <p>25 dollars under a program that I would pay them</p>
<p style="text-align: right;">Page 199</p> <p>1 you're not proper, you cannot talk to me that way.</p> <p>2 Oh, I'm going to get foreigners to buy -- what</p> <p>3 they wanted to do was a hostile takeover. They</p> <p>4 wanted to take over Jay Peak. Who? Douglas,</p> <p>5 Douglas Hulme and his foreign investors. We're</p> <p>6 going to buy Jay Peak. You can't do this, bah,</p> <p>7 bah, bah. He's been saying it from day one. I</p> <p>8 know how to do this. You don't know how to run a</p> <p>9 resort. You don't know how to do this. You don't</p> <p>10 know how to run this, this, this, this, this. You</p> <p>11 don't know.</p> <p>12 So then I went ahead and said to him,</p> <p>13 okay, I accept, go ahead and do it. They filled</p> <p>14 out tax returns. Within ten seconds of me saying</p> <p>15 go ahead and do it, I hired David Rosenbaum. And</p> <p>16 within six months, we re-amended every document</p> <p>17 from day one. From the day I purchased, all the</p> <p>18 tax returns were re-amended. And we -- George and</p> <p>19 these guys worked endless hours, and they did it</p> <p>20 for me. And they worked and they worked and they</p> <p>21 worked and they worked. And they re-prepared</p> <p>22 everything.</p> <p>23 And when they announced -- when Bill</p> <p>24 Stenger announced that we had hired this man, the</p> <p>25 next day he left.</p>	<p style="text-align: right;">Page 201</p> <p>1 every year a certain amount of money, about seven</p> <p>2 hundred thousand dollars. And we're the only EB-5</p> <p>3 program that bought back the investors.</p> <p>4 Q And this is part of like a strategy --</p> <p>5 A Jay Peak I.</p> <p>6 Q -- or what was the --</p> <p>7 A I did it for marketing reasons. I</p> <p>8 needed -- because the government gave us another</p> <p>9 couple of two, three, four more projects, AnC Bio,</p> <p>10 Burke, the airport, the New Port Renaissance. That</p> <p>11 added up because our success at Jay Peak.</p> <p>12 I decided not to continue with the West</p> <p>13 Bowl, which was Phase II, which is the other four</p> <p>14 hundred and fifty million.</p> <p>15 Q So how does this -- I think you</p> <p>16 initially started off with --</p> <p>17 A How does this relate to this</p> <p>18 conversation?</p> <p>19 Q Yes.</p> <p>20 A Is that you have to know the whole story</p> <p>21 exactly what happened. That's what I was trying</p> <p>22 to show.</p> <p>23 Q So the payoff of the second margin loan,</p> <p>24 I think you said like ninety days ago. My</p> <p>25 question is: The funds that were used to pay that</p>

<p style="text-align: right;">Page 202</p> <p>1 off?</p> <p>2 A Yes. One of the things that Douglas</p> <p>3 Hulme set up was a company called JCM, Jay</p> <p>4 Construction Management. When I argued with him</p> <p>5 in those two years when I was by myself without</p> <p>6 any accountants or whatever, he -- I got so mad at</p> <p>7 him, that he says, don't worry, Quiros, I'm going</p> <p>8 to set up JCM to oversee all of the work and to</p> <p>9 control the payments.</p> <p>10 Does that answer your question why I</p> <p>11 mentioned the other part? Does that answer why he</p> <p>12 set up JCM?</p> <p>13 MS. LAMA: Go ahead and continue.</p> <p>14 THE WITNESS: No. Make clear because --</p> <p>15 JCM was that. And JCM was a company that oversee</p> <p>16 all the work. And they used -- it was great for</p> <p>17 me because it was a one-window system that I can</p> <p>18 see what was occurring at Jay Peak through every</p> <p>19 invoice had to go through JCM, not like the first</p> <p>20 two years, that I didn't know. Bill Stenger just</p> <p>21 requested the money to be sent. And that's what I</p> <p>22 did.</p> <p>23 BY MR. JAMES:</p> <p>24 Q And who is JCM? Who is --</p> <p>25 A Jay Construction Management.</p>	<p style="text-align: right;">Page 204</p> <p>1 the manufacturing of AnC Bio.</p> <p>2 Q Okay.</p> <p>3 So the fees JCM receiving, is that cost</p> <p>4 supervision fees that's listed in the use of</p> <p>5 funds?</p> <p>6 A JCM is a company that receives money,</p> <p>7 and then it pays it right back over to Q Resorts</p> <p>8 and to Jay Peak, Inc.</p> <p>9 Q Okay. But my question is: It's</p> <p>10 receiving the money from where, from who, from</p> <p>11 what entity?</p> <p>12 A From Jay Peak.</p> <p>13 Q Okay. So JCM is receiving money from</p> <p>14 Jay Peak. And then JCM --</p> <p>15 A Gets the money. And then by my</p> <p>16 accountants, my auditors, they tell me where to</p> <p>17 send the money back. To go into that mathematics,</p> <p>18 you have to speak to George.</p> <p>19 Q Okay.</p> <p>20 And where is Jay Peak getting the money</p> <p>21 from that it transfers to JCM, that JCM then</p> <p>22 sends --</p> <p>23 A It got from the projects that it was</p> <p>24 doing, the LP III, the LP IV, the LP V.</p> <p>25 Q Okay.</p>
<p style="text-align: right;">Page 203</p> <p>1 Q No, but who's the individual, the people</p> <p>2 that --</p> <p>3 A Only one man. It was a company that was</p> <p>4 designed strictly to oversee -- I controlled it. I</p> <p>5 control that company -- to oversee all of the</p> <p>6 expenditures of Jay Peak.</p> <p>7 Q So you are JCM?</p> <p>8 A Yes.</p> <p>9 Q Okay.</p> <p>10 A But originally designed by Douglas to</p> <p>11 put everything into that company that his foreign</p> <p>12 investors would buy through a hostile takeover,</p> <p>13 takeover Jay Peak. I would've lost it. That's</p> <p>14 what he did, but we caught him. David Rosenbaum</p> <p>15 caught him. David said, Quiros, just follow me,</p> <p>16 and we'll get this done. And that's what</p> <p>17 happened.</p> <p>18 Q Okay.</p> <p>19 So the money that paid off the second</p> <p>20 margin loan, you're saying it came from JCM?</p> <p>21 A Yes.</p> <p>22 Q And where did JCM get that money?</p> <p>23 A It gets it because it was hired by Jay</p> <p>24 Peak to watch and to oversee the work. And in</p> <p>25 addition, it is the company that is orchestrating</p>	<p style="text-align: right;">Page 205</p> <p>1 So you send to Jay Peak -- sorry, JCM</p> <p>2 is --</p> <p>3 A I didn't use the one-window system.</p> <p>4 Remember, I told you this. I didn't use the</p> <p>5 one-window system. I used Jay Peak -- once I got</p> <p>6 all the accountants, they didn't run this money</p> <p>7 through Q Resorts any longer.</p> <p>8 Q So the money to pay off the second</p> <p>9 margin loan, although it went through JCM,</p> <p>10 originated from the investors?</p> <p>11 A Yes -- no. No. No. Originated, no, to</p> <p>12 the investors. It comes in through the buckets to</p> <p>13 JCM. Those explanations you have to talk to</p> <p>14 George. I don't know how to explain that to you.</p> <p>15 Q The bucket is the projects?</p> <p>16 A Yes.</p> <p>17 Q Okay.</p> <p>18 So what other monies are going into the</p> <p>19 projects besides the investor monies?</p> <p>20 A No, no other.</p> <p>21 Q Okay. So the money that JCM used to pay</p> <p>22 off the margin loan originated from the investors?</p> <p>23 A Originated, yes.</p> <p>24 Q Okay.</p> <p>25 And that's in both instances, the second</p>

1 margin loan and --

2 A But it comes with fees. It comes with
3 contracts. It comes with a lot. Those have many
4 contracts. That, you have to talk to George.

5 Q Okay. But as far as the concept that
6 the money that's being used by JCM to pay off the
7 loan originates through investors, is the same
8 thing with first margin loan that was paid off,
9 the monies that were used to pay off that first
10 margin loan also originated with the investors?

11 A All of the money originates from the
12 investors, but it's not -- that's where it
13 originates from. It originates from there, but it
14 belongs to me, not theirs. It's my money.

15 Q And that's the profits --

16 A It's my money. A hundred million
17 dollars is my money no matter how you want to look
18 at it.

19 Q But it's not -- you're saying the
20 profits from that is your money?

21 A Yeah. It's more than that actually.

22 MR. GORDON: You want to speak off the
23 record, speak outside?

24 THE WITNESS: No. It's all right.

25 MR. JAMES: Let's go off the record.

1 (A brief recess was taken at 4:36 p.m.)

2 (Mr. Martin is no longer on the
3 telephone.)

4 MR. JAMES: We are back on the record.

5 BY MR. JAMES:

6 Q And just to confirm, we did not have any
7 conversations during the break.

8 Let me -- and I know we are scheduled to
9 stop, at least for today, at 5:30. So we have
10 about a half an hour. So I'll try to pick up the
11 pace a little bit. So let me show you --

12 MR. GORDON: Let me ask a quick
13 question. Do you think you could finish up with
14 Mr. Quiros for good if we go a little longer than
15 that?

16 MR. JAMES: No.

17 MR. GORDON: Then let's definitely stop
18 at 5:30.

19 MR. JAMES: Obviously, I appreciate the
20 offer to stay longer, but, yeah, we definitely
21 would need to bring you back at some point in
22 time.

23 BY MR. JAMES:

24 Q But in any event, let me show you what
25 has been marked as Exhibit No. 91. And just to

1 lay the context, we just talked about the payoff
2 of the second margin loan. And in just -- the
3 second margin loan, was that in the name of Jay
4 Peak, Inc., or was that in the name of one of the
5 limited partnerships?

6 A Jay Peak, Inc.

7 Q Jay Peak, Inc.

8 And then the earlier ones that was paid
9 off --

10 A Jay Peak, Inc.

11 Q -- that --

12 A Jay Peak, Inc.

13 Q Okay.

14 So the last one that was paid off, you
15 said about ninety days ago, that was Jay Peak,
16 Inc.?

17 A Yes.

18 Q Okay.

19 And you said it was paid off with funds
20 from JCM?

21 A That's correct.

22 Q Okay.

23 So let me show you what has been marked
24 as Exhibit No. 91. And it's multiple pages, and
25 it's not stapled, so if you could try to keep

1 those in order.

2 MR. JAMES: Here you go, Mr. Gordon.

3 MR. GORDON: Thank you.

4 BY MR. JAMES:

5 Q And as you look at it, Exhibit 91
6 appears to be an authorization to transfer funds.
7 And it's by a Mr. George Gulisano, and it's
8 directed to Ariel Quiros as Chairman of Jay Peak,
9 and then cc'd is William Kelly and along with Ida
10 Ovies, CPA, and that's O-V-I-E-S. It's dated
11 February 28th, 2014. And the subject is, Transfer
12 to Jay Peak Biomedical Research Park, LP for
13 February 2014 Invoices, Part One of Four.

14 And it, basically says, Ariel, and it
15 says, basically, asking you to execute the
16 following transfer at your convenience. And it
17 says, "From Jay Peak Biomedical Research Park, LP
18 Raymond James account, please transfer six
19 million, two hundred and forty thousand dollars to
20 Jay Peak Biomedical Research Park, LP's People's
21 Bank operating account."

22 Do you see that?

23 A Yes.

24 Q And the reference again is February 2014
25 invoices funding, part one of four.

<p style="text-align: right;">Page 210</p> <p>1 Have you seen this document before?</p> <p>2 A Yes.</p> <p>3 Q Okay.</p> <p>4 And is this document, what it appears to</p> <p>5 be is Mr. Gulisano asking you to execute a</p> <p>6 transfer between the Jay Peak Biomedical Raymond</p> <p>7 James account to the Jay Peak Biomedical People's</p> <p>8 bank account of that amount I quoted, six million,</p> <p>9 two hundred and forty thousand dollars?</p> <p>10 A Correct.</p> <p>11 Q Okay.</p> <p>12 If you flip to the pages behind that</p> <p>13 initial page, do you see there's a memo, and then</p> <p>14 there's a number of invoices? Do you see those?</p> <p>15 A Yes.</p> <p>16 Q Okay.</p> <p>17 And you said you've seen this document</p> <p>18 before. Is this transfer that's listed on page</p> <p>19 one that Mr. Gulisano is asking you to execute, is</p> <p>20 that in payment of the attached invoices?</p> <p>21 A Yes, sir.</p> <p>22 Q Okay.</p> <p>23 Have you seen these invoices before?</p> <p>24 A Yes.</p> <p>25 Q Okay.</p>	<p style="text-align: right;">Page 212</p> <p>1 Q Okay. And JCM?</p> <p>2 A While JCM was the company that</p> <p>3 controlled all of the construction from Phase III</p> <p>4 onwards with Jay Peak.</p> <p>5 Q Okay. If you go to the second page, do</p> <p>6 you see -- do see there's a memo from AnC Bio</p> <p>7 Vermont GP Services to yourself, dated February</p> <p>8 24th, 2014?</p> <p>9 A Yes.</p> <p>10 Q Okay. And this list the totals of each</p> <p>11 of the invoices that adds up to that six point two</p> <p>12 million that's being transferred?</p> <p>13 A Correct.</p> <p>14 Q So you have JCM, basically, is invoicing</p> <p>15 for five point two million, and then this</p> <p>16 Northeast, Mr. Kelly's entity, is invoicing for a</p> <p>17 little over a million.</p> <p>18 Do you see that?</p> <p>19 A Yes.</p> <p>20 Q Okay. And you're saying they are</p> <p>21 performing different functions for this Jay Peak</p> <p>22 Biomedical project?</p> <p>23 A No. The AnC Bio part of it, JCM is</p> <p>24 contracted out to do the work for -- and to</p> <p>25 control the funds for AnC Bio for the</p>
<p style="text-align: right;">Page 211</p> <p>1 Who prepared these invoices?</p> <p>2 A JCM.</p> <p>3 Q Okay. And that's Jay Construction</p> <p>4 Management?</p> <p>5 A JCM -- no. These invoices are prepared</p> <p>6 by Northeast Contract Services.</p> <p>7 Q Okay. And what is Northeast Contract</p> <p>8 Services?</p> <p>9 A That's the company that supervises the</p> <p>10 manufacturing of AnC Bio.</p> <p>11 Q Okay.</p> <p>12 And do you have any role or position</p> <p>13 with Northeast Contract Services?</p> <p>14 A No.</p> <p>15 Q Okay.</p> <p>16 What about Mr. Kelly?</p> <p>17 A He's the owner of Northeast Contract</p> <p>18 Services.</p> <p>19 Q Okay.</p> <p>20 And how is Northeast Contract Services</p> <p>21 different than JCM?</p> <p>22 A How is it different?</p> <p>23 Q Yeah.</p> <p>24 A Northeast Contract Services is strictly</p> <p>25 for JCM -- for AnC Bio.</p>	<p style="text-align: right;">Page 213</p> <p>1 construction.</p> <p>2 Q Okay. And Northeast?</p> <p>3 A And JCM then distributes the funds to</p> <p>4 all of the vendors that are being paid. One of</p> <p>5 those vendors is Northeast Contract Services.</p> <p>6 Q So as far as you're concerned, you've</p> <p>7 seen and approved these invoices that are</p> <p>8 attached?</p> <p>9 A Yes. Yes.</p> <p>10 Q And just if you go to the invoice that's</p> <p>11 157 based on the Bates number at the bottom.</p> <p>12 A Yeah.</p> <p>13 Q Do you see -- and actually let's start</p> <p>14 with 156, and they're identical, so -- do you see</p> <p>15 where it says -- it has that five hundred twenty</p> <p>16 thousand? If you start at the left, it says,</p> <p>17 construction supervision services?</p> <p>18 A That's correct.</p> <p>19 Q Okay.</p> <p>20 And then it says the rate. It says per</p> <p>21 OM. Is that the --</p> <p>22 A Yes.</p> <p>23 Q -- the offering memorandum?</p> <p>24 A I'm not sure.</p> <p>25 Q Okay.</p>

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1 **And the amount is five hundred twenty**
2 **thousand?**
3 A Yes. You have to pay them on a monthly
4 basis.
5 Q Okay.
6 **And do you know how that amount is**
7 **reached? And I know it says per OM, but do you**
8 **know how --**
9 A Through a series of contracts. One is
10 AIA, contract from the State of Vermont. These
11 are contracted out to do. I don't -- I really
12 don't know much about these things. I accept
13 them, but it's controlled by George Gulisano and
14 William J. Kelly and Bill Stenger.
15 Q **And as you see, you have the same line**
16 **entry on 157, same thing, construction supervision**
17 **services. The rate is per OM, and then the amount**
18 **is five hundred twenty thousand?**
19 A Yeah.
20 Q **Okay. And when these are being**
21 **approved, are you receiving any type of supporting**
22 **documentation for the actual invoice itself?**
23 A I know that it matches off the contracts
24 that were originally signed when we made the
25 contract to build the building. For example,

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1 today, this company, they're all in -- with the
2 Koreans and the British company, they're all in
3 North Carolina right now as we speak.
4 So I don't know the details of it, but I
5 know it has to be paid every month until the
6 project gets finished. It's a monthly payment
7 until the project gets totally built out.
8 MS. LAMA: For the AnC Jay Peak
9 Biomedical project, who is receiving the
10 construction supervision fees?
11 THE WITNESS: You'll have to talk to
12 Will -- to Bill Kelly.
13 MS. LAMA: Are you receiving any of
14 those fees?
15 THE WITNESS: Yes.
16 MS. LAMA: And how is it that you
17 receive those fees?
18 THE WITNESS: Based on the amount of
19 work that's done, those fees come over to me.
20 Right now they're on the planning stages, so
21 they're now building the building, designing the
22 building. There's lot of work. There's
23 demolition going on. So there's a lot of work.
24 This contract and this stuff, you have
25 to speak to Kelly. He's the one who -- him and

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1 George are the two guys that formulated all of
2 this, so they can explain it to you in very
3 detail. If you ask me, I'm going to mess it up.
4 I'm not going to tell you exactly how it's all
5 done.
6 But it being watched over by our
7 accountants. That, I can tell you. Tony and
8 these guys are watching all of this happen. So
9 they can give you a detailed explanation. I
10 cannot. I'm going to mess it up, and I'm going to
11 tell you something that's wrong.
12 BY MR. JAMES:
13 Q **But would you agree that based on this**
14 **entry, construction supervision services, and it**
15 **says, per OM, and we're accepting that as offering**
16 **memorandum, does this suggest that this entity,**
17 **Northeast Contract Services, is the one that's**
18 **collecting or being paid the construction**
19 **supervision fees in connection with the Jay Peak**
20 **Biomedical Research Park --**
21 A Yes.
22 Q **-- project?**
23 A Yes. Yes.
24 Q **So how would you explain --**
25 A I cannot. I prefer to let them explain

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1 it to you exactly.
2 Q **Okay. But you do know on the offering**
3 **materials, that any construction supervision goes**
4 **to the general partner or -- but Northeast**
5 **Contracting Services is not the general partner of**
6 **Jay Peak Biomedical Research Park, LP?**
7 A No. No.
8 Q **And then just going back to the front,**
9 **the reference says, February 2014 invoice funding,**
10 **part one of four. Have you seen parts two, three,**
11 **and four of four?**
12 A I don't know much about this right now,
13 because it's under the offering memorandum and
14 it's under certain contracts that I'm not really,
15 really -- I was focused all these months on Jay
16 Peak, and I didn't focus much on this, so -- Bill
17 Kelly can answer it for you right away.
18 Q Okay.
19 MS. LAMA: If you turn now in Exhibit 91
20 to the first two -- the page Bates stamped
21 JC-000158, which is an invoice from JCM.
22 THE WITNESS: Yes.
23 MS. LAMA: What is this invoice for?
24 THE WITNESS: For architectural
25 engineering fees and deposits for equipment.

<p style="text-align: right;">Page 218</p> <p>1 MS. LAMA: And --</p> <p>2 THE WITNESS: All of which is being done</p> <p>3 right now.</p> <p>4 MS. LAMA: And the deposits for</p> <p>5 equipment, what equipment is that for?</p> <p>6 THE WITNESS: Oh, that's a list of clean</p> <p>7 rooms that are being formulated with the</p> <p>8 architects. These are special equipments that are</p> <p>9 used in clean rooms in the biotech world.</p> <p>10 MS. FUCHS-SINDLER: And who was the</p> <p>11 equipment purchased from? You purchased it from</p> <p>12 whom?</p> <p>13 THE WITNESS: Korea.</p> <p>14 MS. FUCHS-SINDLER: Which entity?</p> <p>15 THE WITNESS: AnC Biopharm. AnC</p> <p>16 Biopharm.</p> <p>17 MS. LAMA: And the amount for two point</p> <p>18 six million, is there a contract that requires a</p> <p>19 series of payments each for two point six million?</p> <p>20 THE WITNESS: Yes, until the completion</p> <p>21 of the project.</p> <p>22 MS. LAMA: Okay.</p> <p>23 And --</p> <p>24 THE WITNESS: It's a little bit more</p> <p>25 than that because it also includes the --</p>	<p style="text-align: right;">Page 220</p> <p>1 as far as the invoice.</p> <p>2 I'm going to hand you what has been</p> <p>3 marked by the court reporter Exhibit 121, 122, and</p> <p>4 123. And tell me if you agree that these are</p> <p>5 identical to Exhibit 91. The differences are that</p> <p>6 these are the two of four, three of four, and four</p> <p>7 of four invoice payments.</p> <p>8 A Yeah.</p> <p>9 MS. LAMA: And why were these payments</p> <p>10 made in February -- or why were these payments</p> <p>11 being made in February?</p> <p>12 THE WITNESS: That's the way the</p> <p>13 schedule was made. They made the schedule, and</p> <p>14 then they decided to start -- the project was</p> <p>15 delayed by about two or three months, and then</p> <p>16 they started to start to catch up. But we still</p> <p>17 had to make all those payments.</p> <p>18 Korea was at a hundred miles an hour,</p> <p>19 NNE, another supplier, was at a hundred miles an</p> <p>20 hour. These are the companies that are supplying</p> <p>21 all of the engineering, all of the architects, all</p> <p>22 of the designs, all of the machinery, and we have</p> <p>23 to pay them every month.</p> <p>24 Now, we break ground in about two</p> <p>25 months, and we start the construction of the</p>
<p style="text-align: right;">Page 219</p> <p>1 Northeast Contract Services, they also have a fee</p> <p>2 coming out of those contracts.</p> <p>3 MS. LAMA: Okay.</p> <p>4 So is this invoice for two point six</p> <p>5 million for payment of the monthly amount due</p> <p>6 under that supply contract?</p> <p>7 THE WITNESS: Yes.</p> <p>8 MS. LAMA: And that supply contract is</p> <p>9 with which entity again?</p> <p>10 THE WITNESS: AnC Biopharm.</p> <p>11 MS. LAMA: That's the AnC Biopharm</p> <p>12 contract.</p> <p>13 THE WITNESS: According to the offering</p> <p>14 memorandum.</p> <p>15 MR. JAMES: Mark these, please.</p> <p>16 (SEC Exhibit Nos. 121, 122,</p> <p>17 and 123 were marked for</p> <p>18 identification.)</p> <p>19 BY MR. JAMES:</p> <p>20 Q And according to Exhibit 91 that we just</p> <p>21 looked at, that six million, two hundred and forty</p> <p>22 thousand that's -- and that's being transferred --</p> <p>23 at least that Mr. Gulisano is asking you to</p> <p>24 transfer from Jay Peak Biomedical Raymond James to</p> <p>25 Jay Peak Biomedical People's Bank was one of four</p>	<p style="text-align: right;">Page 221</p> <p>1 building. All those men are right now in North</p> <p>2 Carolina at design -- putting the final design of</p> <p>3 the building, so that they can start the</p> <p>4 construction.</p> <p>5 MS. LAMA: And why is it again that all</p> <p>6 of these payment were delayed and this catch up</p> <p>7 payment is being made in February? What was the</p> <p>8 delay?</p> <p>9 THE WITNESS: Because the project was</p> <p>10 delayed. They didn't go forward. They just</p> <p>11 didn't go forward. Then they started it. And</p> <p>12 when they started it, we were waiting for more</p> <p>13 funds to come into the account.</p> <p>14 We were waiting for other approvals. We</p> <p>15 were waiting for a lot of things. And then in</p> <p>16 February is when they said, okay, let's go. And</p> <p>17 then we started the payments.</p> <p>18 Remember, we have a two-year period</p> <p>19 until we have to support all these investors with</p> <p>20 their documents. We have to start building. We</p> <p>21 cannot delay the construction so much, because</p> <p>22 then we're going to be caught in a jam. So we</p> <p>23 have to really now expedite, so that all those</p> <p>24 investors can get their approvals. We don't have</p> <p>25 them today.</p>

1 (SEC Exhibit No. 124 was
2 marked for identification.)
3 BY MR. JAMES:
4 Q Let me hand you what has been marked as
5 Exhibit No. 124. And if you recall from the ones
6 I just showed you, those were Mr. Gulisano asking
7 you to execute these transfers from Raymond James
8 to People's. Can you tell me if you've seen that
9 before, and if so, are those your actual
10 authorizations for the transfer that Mr. Gulisano
11 requested?
12 A Yes.
13 Q Okay.
14 And just for the record, it's four
15 pages, and each one, basically, has a date and its
16 subject is Wire Transfer. And it, basically,
17 reflects your signature at the bottom, correct?
18 A Yeah.
19 Q Basically, you're saying, "Please
20 transfer funds from Jay Peak Biomedical Research
21 Park, LP account [REDACTED] 8224 to People's United Bank,
22 the beneficiary, Jay Peak Biomedical Research
23 Park, LP, account number [REDACTED] 6739." And the
24 amount is that six million, two hundred and forty
25 thousand dollars. Purpose, February 2014 Funding,

1 Part One of Four. And if you flip to each one,
2 you'll see that it says two of four, three of
3 four, and four of four. And this refers to the
4 invoices that were attached to Mr. Gulisano's
5 request, correct?
6 A Yes.
7 Q And do you recall executing these or at
8 least --
9 A Yeah.
10 Q Okay.
11 (SEC Exhibit No. 125 was
12 marked for identification.)
13 BY MR. JAMES:
14 Q I'm going to hand you what has been
15 marked as Exhibit No. 125. And as I hand this to
16 you, you'll see that this is a bank account
17 statement for Jay Peak Biomedical Research Park,
18 LP, and this is at Raymond James.
19 When you get a chance, if you could flip
20 to Bates number 9934.
21 Are you there?
22 A Yes.
23 Q Okay.
24 As you'll see under the March 4th, 2014,
25 you should see those -- that six point two, plus

1 million dollars being transferred out from the Jay
2 Peak Biomedical Raymond James account to -- if you
3 look in the additional detail column, to the
4 People's Bank account.
5 Do you see that?
6 A Yes.
7 Q Okay. And we had a total of four
8 requests, four sets of invoices and four
9 authorizations. And now you'll see there's three
10 withdrawals from Jay Peak Raymond James to Jay
11 Peak People's, and that's Jay Peak Biomedical. Do
12 you see the three on page 9934?
13 A Yes, sir.
14 Q And if you flip to the next page, you'll
15 see the fourth one, four of four, on March 11th,
16 2014. Do you see that?
17 A Yes.
18 Q And, again, that's going out to the Jay
19 Peak Biomedical Research Park account at People's
20 Bank. Okay?
21 A Yes. Correct.
22 Q And, again, this is to pay the invoices
23 that were attached to Mr. Gulisano's request?
24 A Yes.
25 Q Okay.

1 (SEC Exhibit No. 126 was
2 marked for identification.)
3 BY MR. JAMES:
4 Q So based on what I've shown you thus
5 far, we have Mr. Gulisano's request for the
6 transfers of those four amounts, attached to his
7 request are the invoices that supports those
8 payments, and then we've seen your letter of
9 authorization asking Raymond James to transfer
10 that money to the Jay Peak Biomedical People's
11 Bank account.
12 I'm going to hand you Exhibit 126, which
13 you may or may not have seen before, but it is an
14 incoming wire spreadsheet that, basically -- and
15 if you follow -- so --
16 MR. GORDON: Do you have a copy for me?
17 MR. JAMES: I'm sorry.
18 MR. GORDON: Thank you.
19 BY MR. JAMES:
20 Q Do you see what this appears to
21 represent is, if you start I guess from the right,
22 you'll see the payer name is Jay Peak Biomedical
23 Research Park account at People's Bank. So it
24 says, Order Bank, People's United Bank. Payer
25 Name, Jay Peak Biomedical Research Park, LP. And

<p style="text-align: right;">Page 226</p> <p>1 then it says, "OBI information for the benefit of 2 Jay Construction Management Inc., account 3 █████1174." It says, questions, call Joel 4 Burstein. It says, beneficiary name, RJA General 5 Concentration account. And the amount is eighteen 6 point two million. And the date is March 4th, 7 2014.</p> <p>8 Do you see that?</p> <p>9 A Yes.</p> <p>10 Q Okay.</p> <p>11 Do you agree that if you add up that six 12 point two million --</p> <p>13 A Yes.</p> <p>14 Q -- and change, the total of those four 15 amounts would be eight point two, and this appears 16 to be --</p> <p>17 MS. LAMA: Three of the four payments 18 approximate eighteen point two million.</p> <p>19 BY MR. JAMES:</p> <p>20 Q Do you see that?</p> <p>21 A Yeah.</p> <p>22 Q Okay.</p> <p>23 And so this would be the amounts going 24 out to Jay Construction Management that originated 25 with the Jay Peak Biomedical Research Park account</p>	<p style="text-align: right;">Page 228</p> <p>1 So if you see the first entry, the one that's 2 March 4th, 2014 deposit, if you come across to 3 amount, you see eighteen point two million.</p> <p>4 A Correct.</p> <p>5 Q And you see the additional detail wire 6 from People's United.</p> <p>7 A Correct.</p> <p>8 Q Okay. And you see that's sent the same 9 day that we saw the money going out from Jay Peak 10 Biomedical Research Park, LP account at People's 11 United to JCM. So here you see it coming into the 12 JCM account at Raymond James.</p> <p>13 Do you see that?</p> <p>14 A Yes.</p> <p>15 Q Okay.</p> <p>16 And do you also notice that if you look 17 at the next entry, March 5th, 2014, you see 18 there's a withdrawal. Do you see that? And the 19 amount that was withdrew was eighteen point nine, 20 plus million dollars?</p> <p>21 A Correct.</p> <p>22 Q Okay. Of which eighteen point two had 23 just came in from the Jay Peak Biomedical Research 24 Park account. Do you see that?</p> <p>25 A Correct.</p>
<p style="text-align: right;">Page 227</p> <p>1 at Raymond James?</p> <p>2 A That's right.</p> <p>3 Q Okay.</p> <p>4 Give me a second.</p> <p>5 (SEC Exhibit No. 127 was 6 marked for identification.)</p> <p>7 BY MR. JAMES:</p> <p>8 Q So let me hand you -- so at this point, 9 we've seen eighteen point two million going from 10 Jay Peak Biomedical Research Park People's Bank to 11 the Jay Construction Management account.</p> <p>12 So let me hand you Exhibit No. 127.</p> <p>13 Exhibit 127 is the Raymond James statement for Jay 14 Construction Management, Inc., account number 15 15811174. And this is for the time period of 16 February 28th through March 31st, 2014.</p> <p>17 Do you see that?</p> <p>18 A Yes.</p> <p>19 Q Have you seen this statement before?</p> <p>20 A Yes.</p> <p>21 Q And so you get the Jay Construction 22 Management statements, also?</p> <p>23 A I gave you.</p> <p>24 Q Okay. Yeah, you did. Either way.</p> <p>25 If you turn to Bates number 9906. Okay.</p>	<p style="text-align: right;">Page 229</p> <p>1 Q Okay.</p> <p>2 And if you go across to the additional 3 detail, it says it was transferred to account 4 number █████2589.</p> <p>5 Do you see that?</p> <p>6 A Say that one again, the last one.</p> <p>7 Q Okay. The eighteen point two that came 8 into the JCM account from the Jay Peak Biomedical 9 account at People's Bank, do you see the next day 10 that went out as part of that eighteen point nine 11 million?</p> <p>12 A Yes.</p> <p>13 Q Okay.</p> <p>14 And you see that eighteen point nine 15 million, which includes that eighteen point two --</p> <p>16 A Correct.</p> <p>17 Q -- was transferred to an account number 18 █████2589. Do you see that?</p> <p>19 A No. The last number, I don't have.</p> <p>20 Q Okay. Let me see your copy.</p> <p>21 Okay. So we have the March 5th?</p> <p>22 A Yes.</p> <p>23 Q Okay. If you go all the way across to 24 the last column where it says, additional 25 detail --</p>

1 A Yes.
 2 Q -- you'll see TRF to, and then the
 3 number sign, and you should see the numbers
 4 [REDACTED] 2589. Am I reading -- all the way to the
 5 right, yeah. No. No. You see the -- sorry. The
 6 eighteen point nine million. Sorry. You see the
 7 eighteen point nine million?
 8 A Yeah.
 9 Q That's going out?
 10 A Yes.
 11 Q Okay. Let's do it this way. Go in the
 12 column that says, amount. You see the second
 13 column?
 14 A Yes.
 15 MS. LAMA: Right here.
 16 BY MR. JAMES:
 17 Q You see that?
 18 A Yes.
 19 Q Okay.
 20 If you go all the way to the far right
 21 column, it says, transfer to number, and then it
 22 says [REDACTED] 2589.
 23 A Okay.
 24 MS. LAMA: Which is the account number.
 25 THE WITNESS: Which is the account

1 number of the margin?
 2 BY MR. JAMES:
 3 Q Of the --
 4 A Margin?
 5 Q Are you telling me?
 6 A No, I don't know.
 7 Q Well, that would be my question. Do you
 8 recognize that account number?
 9 A If it was to use to repay the margin, it
 10 could be the margin account. I have to check
 11 that, but I -- I can check that. It could be the
 12 margin. It could be.
 13 MR. GORDON: Let's -- I think I got
 14 about five more minutes here.
 15 MR. JAMES: Yeah. Okay. I'm almost
 16 done.
 17 So let's mark this one.
 18 MS. LAMA: And for the record, that
 19 account number which we just read, account number
 20 [REDACTED] 2589, does relate to the Jay Peak, Inc. margin
 21 account.
 22 THE WITNESS: Okay. Okay.
 23 MS. LAMA: So this is the payoff that
 24 you were just testifying to shortly before?
 25 THE WITNESS: Yes. Correct. Yes.

1 (SEC Exhibit No. 128 was
 2 marked for identification.)
 3 BY MR. JAMES:
 4 Q And let me just to complete. This is
 5 Exhibit 128. And you'll see this is your
 6 authorization to Mr. Burstein to execute that
 7 transfer to transfer from the Jay Construction
 8 Management account number [REDACTED] 1174 to the Jay
 9 Peak, Inc. in the amount of eighteen point nine,
 10 plus million dollars, account number [REDACTED] 2589.
 11 A That's correct.
 12 Q So this is your signature authorizing
 13 that transfer?
 14 A That's correct.
 15 Q So that's the money going from the JCM
 16 account to the JPI margin account?
 17 A That's correct.
 18 Q And lastly.
 19 (SEC Exhibit No. 129 was
 20 marked for identification.)
 21 BY MR. JAMES:
 22 Q Let me hand you what's been marked as
 23 Exhibit 129. And Exhibit 129 is at the front,
 24 it's Jay Peak, Inc. And it's a series of account
 25 statements for the Jay Peak Raymond James margin

1 loan that reflects that same account number
 2 [REDACTED] 2589.
 3 Do you see that?
 4 A Yes, sir.
 5 Q Have you seen these statements before?
 6 A Yes.
 7 Q If you go to the page that's Bates
 8 stamped 1279, it's virtually almost all the way to
 9 the back. So you can just jump to the last couple
 10 pages.
 11 Do you see that?
 12 A Yes, sir.
 13 Q So do you see before you even get to the
 14 March 5th deposit, if you see the cash balance, do
 15 you see that at that point, the margin was owed,
 16 the amount owed and the margin was eighteen point
 17 nine, plus million dollars?
 18 A That's correct.
 19 Q Okay.
 20 And then if you look at March 5th, you
 21 can see the transfer that came in from that JCM
 22 account is that exact amount that's due on the
 23 margin?
 24 A That's correct.
 25 Q And then it goes down to zero once that

1 deposit comes in from JCM?
 2 A That's correct.
 3 Q And if you look in the last column, it
 4 says, transfer from. It has that [REDACTED] 174 --
 5 A Yes.
 6 Q -- account number is the same account
 7 number we just referenced under JCM documents.
 8 Have you seen this before?
 9 A Yes.
 10 Q Okay. Was this your understanding
 11 that --
 12 A Yes.
 13 Q -- the money was used to pay --
 14 A Yes.
 15 Q Okay. And my question for you, so the
 16 money that was used to pay off this JPI margin,
 17 didn't that originate from the Jay Peak Biomedical
 18 Research Park, LP account at Raymond James?
 19 A Yes, but I'm not exactly sure. You have
 20 to speak to George about this.
 21 Q Okay. But based on what the documents
 22 we just went through and the first document was
 23 those invoices provided to you by Mr. Gulisano for
 24 payment?
 25 A Yes.

1 Q Okay.
 2 And we traced the monies from that point
 3 in time to this point in time, and nowhere did we
 4 see those funds going to pay those invoices?
 5 A Yes.
 6 Q Okay. Instead we've seen --
 7 A I don't know about this accounts exactly
 8 the way you're explaining it, because there's a
 9 mechanism to what triggers all of this, and I
 10 don't know how to defend that.
 11 But, yes, those monies were used out of
 12 JCM to pay the margin. That is correct.
 13 Q So what's your understanding as to why
 14 it was not used to pay the invoices that were
 15 presented as the reason for those transfers?
 16 A You have -- I prefer that you speak to
 17 Bill Kelly and to George, who can explain the
 18 mechanism that triggers that -- that triggers that
 19 explanation.
 20 Q But is your testimony that you don't
 21 have any knowledge as to why that occurs?
 22 A Right. That is correct -- no. No. No.
 23 I know why it occurred.
 24 Q Okay. Tell me why.
 25 A To pay the margins.

1 Q Okay.
 2 But why was the money not used for the
 3 purpose that was stated before, to pay those
 4 invoices?
 5 A The invoice were paid.
 6 Q What money was used to pay the invoices?
 7 A The monies that were sent to JCM.
 8 Q But I just showed you on the exhibits
 9 that when that money came in, that it went right
 10 back out.
 11 A That is part -- that is part of the
 12 overall, but I'm up to balance with all the
 13 payment schedules to JCM -- to all the vendors.
 14 I've paid out everybody that needed to get paid
 15 out from that company.
 16 Q Okay. But you did see --
 17 A Yes.
 18 Q -- that the requests --
 19 A And those were -- and those were paid.
 20 Q Okay. When were they paid?
 21 A Throughout all of this. If you look at
 22 these accounts, you'll see that these accounts
 23 were paid, these balances were all paid.
 24 Q Was it your understanding that --
 25 A These invoices were paid.

1 Q Was it your understanding that the money
 2 that was requested to pay those invoices would not
 3 be used to pay those invoices, but instead would
 4 be used to pay down the JPI margin loan?
 5 A Again, you have to really understand the
 6 way George and these guys did it, because there is
 7 profits there as well. These are also profit
 8 money that is within these companies that I made.
 9 MS. LAMA: But if it was profits, why
 10 would it be described as being payments for
 11 invoices?
 12 THE WITNESS: That's why you have to
 13 speak to them. This mechanism of JCM and AnC Bio,
 14 how it's being all paid down -- I can tell you
 15 about the monthly payments. I can tell you about
 16 the conclusion of the making of the project. But
 17 how they did it for funding, you have to speak to
 18 Bill Kelly. Bill Kelly will give you an exact
 19 explanation to all of this.
 20 BY MR. JAMES:
 21 Q So you have no understanding as to why
 22 the money was not used as intended to pay the
 23 invoices?
 24 A No. They will give you the explanation.
 25 MS. FUCHS-SINDLER: So, Mr. Quiros, is

<p style="text-align: right;">Page 238</p> <p>1 it fair to say that the monies that were reflected</p> <p>2 in the invoice payments were never used to pay</p> <p>3 those invoices? They were used to pay down the</p> <p>4 margin?</p> <p>5 THE WITNESS: No. No. No. We paid the</p> <p>6 invoices.</p> <p>7 MS. LAMA: When were those invoices</p> <p>8 paid?</p> <p>9 THE WITNESS: Through the statements. If</p> <p>10 you look at the statements, you can see when they</p> <p>11 were paid. I paid those out.</p> <p>12 MS. LAMA: Okay. Those statements are</p> <p>13 from March 2014. It's now May 22nd. Is it your</p> <p>14 testimony that those invoices were paid since</p> <p>15 March to present?</p> <p>16 THE WITNESS: Yes. I think if</p> <p>17 anything -- yes, we have. We have paid them.</p> <p>18 MS. FUCHS-SINDLER: And you know that</p> <p>19 for a fact?</p> <p>20 THE WITNESS: Yeah.</p> <p>21 MS. FUCHS-SINDLER: How do you know</p> <p>22 that?</p> <p>23 THE WITNESS: Because I paid the money.</p> <p>24 I paid them out.</p> <p>25 MS. FUCHS-SINDLER: So you mean there</p>	<p style="text-align: right;">Page 240</p> <p>1 MS. FUCHS-SINDLER: Who's they?</p> <p>2 THE WITNESS: Bill Kelly and George.</p> <p>3 Otherwise, they wouldn't allow me to pay down the</p> <p>4 margin.</p> <p>5 MS. FUCHS-SINDLER: Did somebody tell</p> <p>6 you to, instead of using the money to pay those</p> <p>7 invoices, to use it --</p> <p>8 THE WITNESS: Those invoice were paid.</p> <p>9 You're talking about invoices --</p> <p>10 MS. FUCHS-SINDLER: Not at the time. Not</p> <p>11 at the date. The monies for the invoices was used</p> <p>12 actually to pay down the margin loan. We</p> <p>13 discussed that, right?</p> <p>14 THE WITNESS: Yes, I understand.</p> <p>15 MS. FUCHS-SINDLER: Did somebody tell</p> <p>16 you to do it that way, is that what you're saying?</p> <p>17 THE WITNESS: Yeah. I sit here in</p> <p>18 Miami. They tell me exactly what they want me to</p> <p>19 do. So I, basically, do it, because really it's</p> <p>20 under their control.</p> <p>21 MS. FUCHS-SINDLER: Who told you to use</p> <p>22 that money to pay down the margin loan?</p> <p>23 THE WITNESS: That money that was used,</p> <p>24 earmark it as a profit, that's number one. If you</p> <p>25 talk in that sense, I would say they did.</p>
<p style="text-align: right;">Page 239</p> <p>1 should be an additional -- there should be</p> <p>2 something additional reflecting that the money</p> <p>3 that -- it was paid at some other date, is that</p> <p>4 what you're saying? There should be some document</p> <p>5 reflecting that?</p> <p>6 THE WITNESS: The mechanism of -- the</p> <p>7 mechanism of JCM, I'm not so familiar with it. You</p> <p>8 really have to talk to George and to Bill Kelly.</p> <p>9 They can give you a full explanation.</p> <p>10 All I'm doing is really guessing,</p> <p>11 because I don't know. I'm following their</p> <p>12 instructions. I hire very good people that advise</p> <p>13 me what to do. That's what they told me to do.</p> <p>14 That's what I did.</p> <p>15 To explain it at her level is difficult</p> <p>16 because I don't know. Jay Peak I knew a little</p> <p>17 bit better, but AnC Bio a little bit less.</p> <p>18 (Mr. James leaves the room.)</p> <p>19 MS. FUCHS-SINDLER: So someone told you</p> <p>20 to use the money that was represented to pay the</p> <p>21 invoices to pay down the margin debt, is that what</p> <p>22 you're saying?</p> <p>23 THE WITNESS: Because we had -- I'm</p> <p>24 sure -- for that purpose, I'm sure they calculated</p> <p>25 our profits in there.</p>	<p style="text-align: right;">Page 241</p> <p>1 MS. FUCHS-SINDLER: They who?</p> <p>2 THE WITNESS: Bill Kelly and George.</p> <p>3 Bill Kelly and George. They are the only ones</p> <p>4 that are handling these accounts.</p> <p>5 MS. LAMA: So both Bill Kelly and George</p> <p>6 Gulisano, you discussed with them that you would</p> <p>7 be using those funds to pay down the Jay Peak,</p> <p>8 Inc. margin loan?</p> <p>9 THE WITNESS: Yes.</p> <p>10 MS. LAMA: And what did you discuss with</p> <p>11 them?</p> <p>12 THE WITNESS: That. I said, we</p> <p>13 have to pay down the margins. Can we pay it down</p> <p>14 now? They said, yes, it's fine. I said, okay,</p> <p>15 thanks.</p> <p>16 MS. FUCHS-SINDLER: Was it discussed --</p> <p>17 THE WITNESS: The project is a hundred</p> <p>18 and ten million, I think it is, a hundred and</p> <p>19 eight or a hundred and ten. It's,</p> <p>20 approximately -- a hundred and eighteen. Multiply</p> <p>21 that by twenty percent. That's what our profit</p> <p>22 is.</p> <p>23 MS. FUCHS-SINDLER: So you're saying</p> <p>24 that the profit would be twenty percent of</p> <p>25 whatever was raised at that point when this was</p>

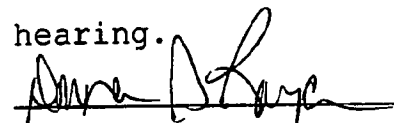
<p style="text-align: right;">Page 242</p> <p>1 paid, is that what you're saying?</p> <p>2 THE WITNESS: No. What I'm saying is is</p> <p>3 that the overall company, the overall EB-5 program</p> <p>4 is a hundred and twenty million times twenty</p> <p>5 percent is, approximately, the profit that we</p> <p>6 would make for that project, approximately.</p> <p>7 MS. FUCHS-SINDLER: So who was aware</p> <p>8 that this money was being used to pay down the</p> <p>9 margin debt? You said Mr. Gulisano?</p> <p>10 THE WITNESS: Yes.</p> <p>11 MS. FUCHS-SINDLER: Mr. Kelly?</p> <p>12 THE WITNESS: Yes.</p> <p>13 MS. FUCHS-SINDLER: Who else?</p> <p>14 THE WITNESS: And myself.</p> <p>15 MS. FUCHS-SINDLER: Anyone else?</p> <p>16 THE WITNESS: No.</p> <p>17 MS. FUCHS-SINDLER: Mr. Stenger?</p> <p>18 THE WITNESS: Mr. Stenger, yes. He</p> <p>19 signed the documents to release the funds.</p> <p>20 MS. FUCHS-SINDLER: But did he know that</p> <p>21 the money was being used to pay down the margin</p> <p>22 loan?</p> <p>23 THE WITNESS: I'm sure they explained</p> <p>24 him something of this. I'm very sure. It's</p> <p>25 always happening for the last five years, six</p>	<p style="text-align: right;">Page 244</p> <p>1 much was raised at the point that the margin loan</p> <p>2 was paid down, is it?</p> <p>3 THE WITNESS: No. I'm just trying to</p> <p>4 give you an answer of why these numbers are the</p> <p>5 way they are.</p> <p>6 MR. GORDON: Okay. Gotta go.</p> <p>7 MS. FUCHS-SINDLER: Okay. We're off the</p> <p>8 record at a quarter to six. We're not ending, but</p> <p>9 we are adjourning for the day. And we'll be in</p> <p>10 touch with your attorney to reschedule.</p> <p>11 Thank you very much for coming in</p> <p>12 today.</p> <p>13 (Whereupon, at 5:46 p.m., the</p> <p>14 examination was adjourned.)</p> <p>15 * * * * *</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 243</p> <p>1 years. Everybody knew exactly what's happening.</p> <p>2 MS. FUCHS-SINDLER: Have you ever</p> <p>3 discussed with Mr. Stenger that they were margin</p> <p>4 loans?</p> <p>5 THE WITNESS: Yes. Yes, from time to</p> <p>6 time. Hey, we got to pay down the margin, we got</p> <p>7 to pay this, we got to pay that. And he said,</p> <p>8 okay, we'll do it.</p> <p>9 So from a hundred and twenty, you</p> <p>10 multiply that by, approximately, twenty, there's</p> <p>11 my profit.</p> <p>12 Now, how did they figure it out in those</p> <p>13 monthly payments? That, you have to speak to</p> <p>14 Kelly.</p> <p>15 MS. FUCHS-SINDLER: You're saying a</p> <p>16 hundred and twenty. What are you referring to</p> <p>17 with the hundred and twenty?</p> <p>18 THE WITNESS: The EB-5 program. The</p> <p>19 bucket for this program was a hundred and twenty</p> <p>20 million.</p> <p>21 MS. FUCHS-SINDLER: That's how much</p> <p>22 would -- you're saying that's how much would be</p> <p>23 raised, is that what you're saying?</p> <p>24 THE WITNESS: Yes.</p> <p>25 MS. FUCHS-SINDLER: But that's not how</p>	<p style="text-align: right;">Page 245</p> <p>1 PROOFREADER'S CERTIFICATE</p> <p>2</p> <p>3 In the Matter of: JAY PEAK, INC.</p> <p>4 Witness: Ariel Quiros</p> <p>5 File Number: FL-03815-A</p> <p>6 Date: Thursday, May 22, 2014</p> <p>7 Location: Miami, Florida 33131</p> <p>8</p> <p>9 This is to certify that I, Donna S. Raya,</p> <p>10 (the undersigned), do hereby swear and affirm that</p> <p>11 the attached proceedings before the U.S. Securities</p> <p>12 and Exchange Commission were held according to the</p> <p>13 record and that this is the original, complete, true</p> <p>14 and accurate transcript that has been compared to</p> <p>15 the reporting or recording accomplished at the</p> <p>16 hearing.</p> <p>17 _____</p> <p>18 (Proofreader's Name) (Date)</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

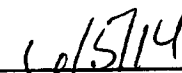
PROOFREADER'S CERTIFICATE

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In the Matter of: JAY PEAK, INC.
Witness: Ariel Quiros
File Number: FL-03815-A
Date: Thursday, May 22, 2014
Location: Miami, Florida 33131

This is to certify that I, Donna S. Raya,
(the undersigned), do hereby swear and affirm that
the attached proceedings before the U.S. Securities
and Exchange Commission were held according to the
record and that this is the original, complete, true
and accurate transcript that has been compared to
the reporting or recording accomplished at the
hearing.


(Proofreader's Name)


(Date)

1 UNITED STATES SECURITIES AND EXCHANGE

2 REPORTER'S CERTIFICATE

3
4 I, BRIGITTE ROTHSTEIN, Court Reporter, hereby
5 certify that the foregoing transcript of 244 pages
6 (May 22nd, 2014) is a complete, true and accurate
7 transcript of the testimony indicated held on
8 May 22nd, 2014 at 10:28 a.m. in the matter of:
9 JAY PEAK, INC.

10
11 I further certify that this proceeding was
12 recorded by me, and that the foregoing transcript
13 was prepared under my direction.

14
15 Date: May 29th, 2014
16 Official Reporter: Brigitte Rothstein
17 Diversified Reporting Services, Inc.



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Brigitte Rothstein
BRIGITTE ROTHSTEIN, Court Reporter
Notary Public - State of Florida
Commission No.: EE 175314
Expires: March 17th, 2016
Transmittal Number: M000223